NAPA COUNTY FAIRGROUNDS OPPORTUNITY ASSESSMENT

Prepared for: Napa County Fair Association

August 24, 2016

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I. EXECUTIVE SUMMARY

A. Introduction

The Napa County Fair Association (NCFA) is a non-profit and non-stock corporation responsible for the management and operation of the Napa County Fairgrounds (Fairgrounds) and its associated programs. The NCFA is classified as a 501(c)(3) charitable organization by the Internal Revenue Service. Pursuant to the Operating Agreement between the County of Napa (County) and the NCFA, the NCFA is responsible for the management and care of the Fairgrounds and its associated facilities. The contract will be renewed and/or renegotiated every five years, with the current contract set to expire in December 2018. In addition, there is a land Tenure Agreement between the County and the State of California that will expire in 2024.

The NCFA retained RCH Group, Inc. in association with A. Plescia & Co. (Consulting Team) to prepare a preliminary assessment report (Assessment) of the Napa County Fairgrounds, and to explore the ways to increase community benefit and the possibilities that exist for the vitality of operations through improvements to facilities and possible new or expanded uses. The ultimate goal of the final Assessment will be to provide the Association with a series of opportunities that may exist given the existing physical and political constraints associated with the Fairgrounds and future development.

B. Preliminary Findings

The Consultant Team has studied the physical, financial, operational and organizational performance of the Fairgrounds, and have prepared the following preliminary findings for review and discussion:

<u>Existing Conditions</u>

1. The Fairgrounds is well located within the City of Calistoga in close proximity to the Central Business District (walkable) with good and convenient vehicular access.

2. Adjacent street frontages (North Oak Street, Grant Street) lack on-street parking, sidewalks and bike lanes.

3. Street frontages along both North Oak and Grant Street are unattractive and do not provide a friendly image to those either visiting the Fairgrounds or wishing to lease facilities from the Association. The discordant mix of land uses associated with the Fairgrounds in conjunction with a lack of an overall visual theme to the Fairgrounds property diminishes the Fairgrounds ability to distinguish itself. There is not a sense of place or purpose.

4. The existing site, buildings and facilities are in need of substantial near and long-term improvements in order to retain existing uses, and effectively compete for new or expanded program uses and events.

5. There is a lack of both indoor and outdoor flexible space. Outdoor space associated with the main buildings is tucked between the rear of the buildings and the Speedway limiting exposure, both internally and externally. The spaces are also narrow (confining) and linear, limiting the types of outdoor activities they might be able to accommodate.

6. The Speedway represents a barrier for any type of interconnected land use pattern on the Fairgrounds property due to its singularity of use, the necessary protective walls/fences and the need for specialized in-track facilities such as crash barriers, debris fencing, light standards, race boards, etc.

7. The RV Park is a viable and valuable asset to the Fairgrounds given its role as a source of revenue and its ability to support other Fairground uses.

8. The golf course is a historic operating arm of the Fairgrounds providing the City with a local recreational resource, and largest dispersion point of the City's reclaimed water.

9. Fairground property to the west of the Speedway is underutilized and could play an important role in assessing future land use/activity patterns on the site.

10. The Napa River frontage is underutilized as a potential asset to Fairground uses and identity.

<u>Historical Operating Performance</u>

1. Annual Fair attendance has varied significantly over the past ten-year period due to the changes in the number of event days; paid attendance on a per-day-basis appears to be greater for the years in which the Annual Fair was conducted over a shorter period of time (e.g. 2014 and 2015).

2. Annual Fair operating revenues have increased significantly since 2010 reaching a high of approximately $392,000 in 2012; however Annual Fair operating expenditures have also increased significantly during the same six-year period reaching a high of approximately $457,000 in 2015.

3. Overall the Fairgrounds has experienced net operating losses in three of the six years from 2010 to 2015 with 2012, 2013 and 2015 indicating positive net operating income; given the necessary expenditures and overhead of the Fairgrounds, the existing programs of the Fairgrounds do not generate enough revenue to make necessary repairs to facilities and operate in the long term.

4. Total Fairgrounds operating revenue increased approximately $469,000 between 2010 and 2015, with a steady increase in total annual revenues each year during that six-year period.

5. In terms of program activity areas only, the RV Park and Events Center have experienced positive annual net operating income for each of the six years from 2010 to 2015; the Speedway has experienced positive operating income in four of the six subject years rebounding from negative annual net operating income in 2012 and 2013 to positive annual net operating income in 2014 and 2015, while the golf course has experienced negative annual net operating income each year since 2011 with only 2010 producing positive net annual operating income.

Demographics and Market Opportunities

1. The projected future population of Napa County will have: i) significantly higher percentage of persons aged 65 years old and older (23.6%); substantially lower percentage of persons in the under 18 years old, 18 to 24 years old, and 25 to 64 years old categories; and ii) a higher percentage non-White persons (65.7% by 2060 - in particular Latino/Hispanic and Asian persons) and corresponding lower percentage of White persons (34.3% by 2060).

2. The projected composition of the future Napa County population will have certain effects on future programing, events and activities at the Fairgrounds. In addition, future population will have an effect on the design of the physical site and facilities (e.g. access) and the targeting of outreach, marketing and advertising efforts.

Stakeholder Meetings

1. The Fairgrounds is a community asset, is in a beautiful setting, and is underutilized.

2. Noise and parking are two of the largest issues at the Fairgrounds.

3. Existing buildings and facilities are old, in need of repair and are not attractive; however, there was a hesitancy to pay for new facilities through an increase in rental rates.

4. All stakeholders desired to see the Fairgrounds succeed financially.

5. Most stakeholders stated that the Speedway is not the highest and best use of the land.

6. There is a perceived demand to expand the type of events/venues to include a working farm, festivals, accessible multi-use open space, office space for City workers and hospitality uses, among others.

Critical Issues, Opportunities and Constraints

1. *Events Center* – The current Events Center complex, as designed and used, will not likely meet the needs for end-users looking for event space rentals in the North County/Calistoga area. Reasons for this include the inflexibility to accommodate various events (e.g. weddings and event space rentals), the unattractive interior and exterior appearance, the unattractive and in-flexible interior layouts, poor restroom facilities, and the lack of close-in and improved parking.

2. *RV Park* – The RV Park has been the only land use that has consistently produced positive revenue for the Association. There is a perceived opportunity for this land use to increase its revenue for the Association by enlarging it, relocating it elsewhere on the property, or a combination of the two. Additionally, upgrading facilities to that of a luxury RV Park/resort more commensurate with its highly desirable location at the northern end of Napa County.

3. *Golf course* – The golf course is longer than an executive course, but only provides 9-holes. It is likely the course was designed to fit the land it was given. There is an opportunity to shorten the course and design it to play as a traditional executive course, or an even shorter par-3 strategic course, which would free up land for other uses such as an Events Center complex, enlarged RV Park etc.

4. *Speedway* - The Speedway has historically been an impediment to future uses due to its location at the heart of the Fairgrounds. However, there may be an opportunity to redesign and repurpose land around the Speedway, by which the Speedway could continue to function into the near-term so long that it remains financially viable and an acceptable use to the community. Repurposing the core of the Fairgrounds to the area west of the Speedway could potentially mitigate the land use difficulty by moving the Events Center to a more open and flexible location, until such time that the land could be redeveloped with a more compatible land use.

5. *Farm* – The introduction of a farm element to the Fairgrounds is a relatively new concept discussed by interviewed stakeholders and others as a possible land use. Given the Fairgrounds setting in historic Napa Valley, there is an opportunity for the Fairgrounds to participate in the growing farm to fork, organic farming, and locally-produced farm product movements by producing crops for sale to vintners, restaurants, markets and others. This could be tailored as both an economic (revenue producing) and educational component of the Fairgrounds by getting local food/beverage businesses, wineries and schools involved in the cultivation, harvesting and use of what is locally grown.

6. *Food Service* – There is a need for food service operations and operators should the Fairgrounds wish to increase its revenues through the addition of events and venues such as an Events Center, a relocated/enhanced golf club house, a wedding venue, an up-scale RV Park, attending to the needs of neighbors (City park, Boys & Girls Club) and existing renters

such as the Art Center. The potential addition of a farming element could also contribute to a food service vendor using only locally grown products in creative ways.

7. *Hotel Development* – A market study prepared by Gruen Gruen + Associates indicated that there was sufficient demand for additional hotel rooms/related facilities in North Napa County, and Calistoga in particular. Land requirements, potential developers/operators and the extent of likely facilities are unknown but the consideration of such a facility should be addressed by the Association Board of Directors to ensure that plans would not preclude such a possibility.

8. *Government, Civic and Recreation Uses* – There has been a discussion between the Association, Napa County and the City of Calistoga whether or not there might be a need to accommodate office space or any other civic type use on the Fairgrounds at some time in the future. Unless relegated to temporary facilities, this type of use requires an upfront acknowledgment by the Association Board of Directors that such a use may be realized at some time in the future as compatibility, linkage, locational and other criterial needs to be taken into consideration during the master planning process.

9. *Governance and Operational Structure* - The existing five-year term Operating Agreement between Napa County and the Napa County Fair Association is a significant limiting factor related to private financing and investment for long-term facility and infrastructure improvements.

   Alternative governance and organizational structures for the Fairgrounds should be considered for the future in order to efficiently and effectively: i) managing the County-owned Fairgrounds in a manner that provides for the best level of accountability to the County and community; ii) carry out any approved long-term plans for improvement of the Fairgrounds; iii) provide relevant programs and facilities that serve the citizens of Napa County; and iv) achieve any desired long-term program and financial stability of the Fairgrounds.

C. Recommendations

Based on the preliminary analysis completed by the Consultant Team it has been concluded that there are a wide range of options available to the Napa County Fairgrounds Association ("Association") relative to future uses, improvements and development of the Fairgrounds. The Association could elect to make no improvements and continue with "business as usual," make minor improvements to certain elements of the Fairgrounds to improve functionality of facilities, or reinvigorate the Fairgrounds with a strategic development plan that introduces new revenue generating and/or community benefit uses. This decision will be part of a greater strategic development plan that the Association will need to adopt as part of an overall planning process.

This Assessment has analyzed several viable development options for the Fairgrounds at an illustrative level, and has provided four (4) schematic concept plans (see Section IX. Alternative

Schematic Plans) that could be fully or partially implemented as part of a long-term strategic development plan. Common to each alternative are the existing components on the Fairgrounds – the Events Center, Golf Course, Speedway and RV Park. Each schematic plan visually demonstrates how alternative uses of the Fairgrounds might be accomplished by providing either greater or lesser amounts of the existing components. The alternative uses have merit in the Stakeholder outreach and analysis of existing market data that was made available by the Association. In order to better understand the exact extent of demand for any of the new proposed uses, further study and outreach will be required. In addition, all of the components presented in this Assessment have not been thoroughly considered by the Board, and will require subsequent discussion to determine what uses best represent the values, interests and vision for the Fairgrounds.

It is the recommendation of the Consultant Team that the Association should take all of the information presented in this Assessment and develop a two-phase plan for future improvements and development of the Fairgrounds. Phase I would consist of implementing a five-year improvement plan that would increase the appeal, functionality and financial viability of the Fairgrounds through improvements that are universal to any future development. Phase II would consist of the creation and implementation of a long-term strategic development plan.

Phase I – Five-year Improvement Plan

Due to the number of interested parties in the Fairgrounds (e.g.: City of Calistoga, Napa County, Association, etc.) it would be challenging to develop a master / business plan in the near future that effectively meets the interests and needs of all those entities. However, based on the analysis completed by the Consultant Team, it has been determined that there are several near-term improvements that could increase the appeal, functionality and financial vitality of the Fairgrounds. Those improvements include:

- Renovation to the Tubbs Building including upgrades to the air conditioning and heating, kitchen facility, exterior paint and treatment, surrounding exterior hardscape and landscape, and installation of large doors to allow for indoor / outdoor access;

- Improvements to the edge conditions of the Fairgrounds, including improvements to Grant and North Oaks Streets to improve the overall image of the grounds; and

- Creating an entry into the Fairgrounds with two primary entry roads that announce arrival to the Fairgrounds, and allow for the beginning of a defined “core” area.

It is suggested that the above list of improvements (or some similar form of an initial list of improvements) be placed into a policy document for consideration/approval by the Association Board of Directors as a priority plan. While a capital campaign is launched, and improvements are being constructed, it is suggested that the Association consider a long-term strategic development plan for the Fairgrounds.

During this Phase 1 period the Association should pursue a modification to the existing operating agreement between the Association and Napa County that would allow for a longer operating term (greater than the existing five-year period) in order to accommodate planned future public, private or public-private funded improvements on the Fairgrounds proposed as part of the Strategic Development Plan developed as part of Phase 2.

Phase II – Strategic Development Plan

Phase II should consist of the creation and implementation of a strategic development plan that address further improvements to existing uses and the recommended additional/alternative uses for the Fairgrounds. During the time that the Association is fundraising and making improvements per Phase 1, the Association could be implementing an outreach strategy with stakeholders, including discussions with its potential institutional partners (e.g. City of Calistoga, County of Napa), potential donors, and potential private investors, etc.

A good example is the need for civic space at the Fairgrounds – during the course of developing this Assessment it was determined that there was an interest in pursuing the concept of this type of use on the Fairgrounds, however the extent of that interest and related need would still have to be determined by the Association. This step will be essential to get a better understanding of the financial parameters that will ultimately guide the future growth of the Fairgrounds.

While creating a strategic development plan, it is suggested that the Association pursue the following recommended components:

- Pursue expansion and improvement of the existing RV Park with a new clubhouse, new updated/enhanced spaces and related amenities. It is also suggested that the RV Park improvements be coordinated with improvements of the Golf Course as related to the suggested new clubhouse, food service, etc.;

- Pursue improvement and reconfiguration of the existing Golf Course including joint use of new clubhouse with RV Park. As part of that effort the Association should consider an agreement with a third party operator for the improvement, management and operation of the RV Park and Golf Course;

- Pursue systematic development of certain multi-purpose buildings that might replace and expand upon existing event center building spaces;

- Pursue the concept of a partnership with the City of Calistoga (and/or Napa County) to develop a join use civic center facility on the Fairgrounds that would provide for public/community service, program, meeting and event activities by the partnering entities;

- Consider the long-term feasibility of the existing Speedway in relation to determining whether this use should be part of the long-term strategic development plan for the

Fairgrounds. Additionally, should the Speedway area be used for other alternative uses that could better serve the mission of the Association;

- Identify and implement the framework for a new governance model involving the City of Calistoga, Napa County and Association that would manage the County-owned asset in a manner that provides for the best level of accountability; effectively carry-out approved long-term plans for improvement of the Fairgrounds; and achieve the desired long term program and financial stability of the Fairgrounds.

Qualitative information regarding an order of magnitude operating revenue and expenditure projections have been provided for the proposed alternative land uses and major improvements as described in Section X of this Assessment based upon discussions of alternative uses of the site provided for in Section IX. This preliminary information can be used by the Association to begin to understand the potential financial implications of the various land uses and improvements presented in this Assessment on the Association's annual operating budget. However this preliminary "order-of-magnitude" information should only be used by the Association as general indicators and will need to be quantified based upon more detailed market analysis, site plans, estimates of probable construction costs and more specific probable operating revenue and expenditure information completed as part of the development of a Strategic Development Plan.

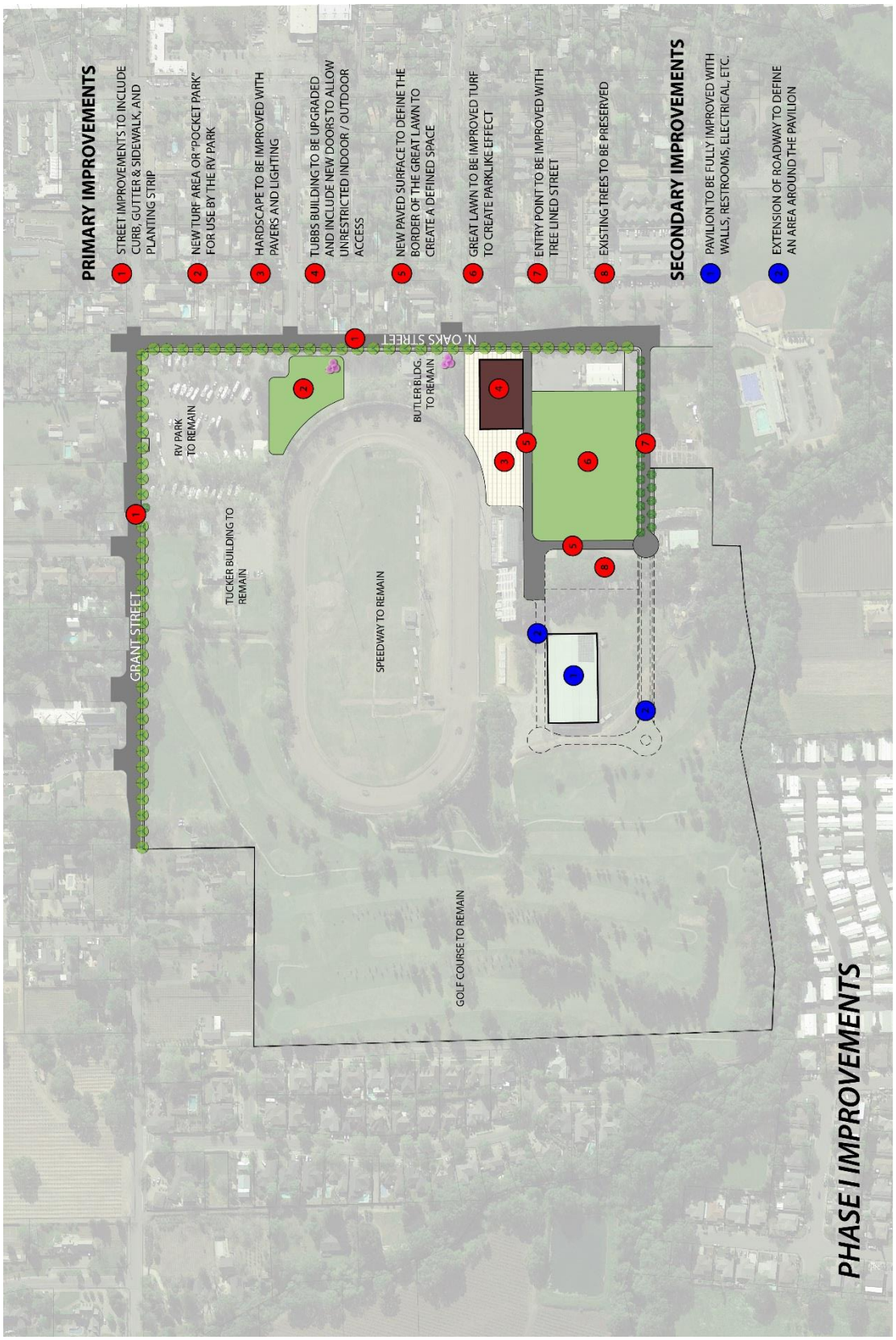


Figure 1. Phase I Improvements

ORDER OF MAGNITUDE CONSTRUCTION COSTS

	Use	Area (sf)	Est. $/sf	Estimated Construction Cost	Total
1.	Street Frontage Improvements				
	Demolition (EA)	1	$ 150,000.00	$ 150,000	
	Mobilization (EA)	1	$ 50,000.00	$ 50,000	
	4" AC/5" AB Residential Street	55,500	$ 5.00	$ 277,500	
	ADA Ramps (EA)	8	$ 2,500.00	$ 20,000	
	Detached Sidewalk	11,000	$ 7.00	$ 77,000	
	Curb & Gutter (LF)	2,800	$ 35.00	$ 98,000	
	Fencing	2,800	$ 15.00	$ 42,000	
	Contingency (10%)			$ 52,250	
	Soft Costs (20%)			$ 123,350	
					$ **890,100**
2.	RV Pocket Parck				
	Demolition (EA)	1	$ 40,000.00	$ 40,000	
	Irrigation System	40,000	$ 1.25	$ 50,000.00	
	Soil Amendment	40,000	$ 0.20	$ 8,000.00	
	Hydroseed Turf	40,000	$ 0.10	$ 4,000.00	
	Contingency (10%)			$ 10,200	
					$ **112,200**
3.	Tubbs Building Hardscape				
	Demolition (EA)	1	$ 50,000.00	$ 50,000	
	Site Layout and Survey	1	$ 15,000.00	$ 15,000	
	Improved Hardscape	40,000	$ 13.00	$ 520,000	
	Lighting (Inc. conduit, wires, boxes, etc.)	12	$ 3,000.00	$ 36,000	
	Gazebo	1	$ 60,000.00	$ 60,000	
	Bench	6	$ 1,000.00	$ 6,000	
	Tables	6	$ 1,500.00	$ 9,000	
	Contingency (10%)			$ 69,600	
	Soft Costs (20%)			$ 153,120	
					$ **918,720**
4.	Tubbs Building Improvements				
	Interior Demolition	1	$ 50,000.00	$ 50,000	
	Kitchen	512	$ 200.00	$ 102,400	
	Upgrades (doors, audio, AC, etc.)	9,500	$ 100.00	$ 950,000	
	Contingency (10%)			$ 110,240	
	Soft Costs (20%)			$ 242,528	
					$ **1,455,168**
5.	New Paved Surfaces Around Entry				
	Demolition (EA)	1	$ 30,000.00	$ 30,000	
	4" AC/5" AB Residential Street	20,000	$ 5.00	$ 100,000	
	Contingency (10%)			$ 13,000	
	Soft Costs (20%)			$ 28,600	
					$ **171,600**
6.	Great Lawn Improvements				
	Demolition (EA)	1	$ 40,000.00	$ 40,000	
	Irrigation System	120,000	$ 1.25	$ 150,000.00	
	Soil Amendment	120,000	$ 0.20	$ 24,000.00	
	Hydroseed Turf	120,000	$ 0.10	$ 12,000.00	
	Contingency (10%)			$ 22,600	
					$ **248,600**
7.	New Entry Road				
	Demolition (EA)	1	$ 50,000.00	$ 50,000	
	4" AC/5" AB Residential Street	14,000	$ 5.00	$ 70,000	
	ADA Ramps (EA)	4	$ 2,500.00	$ 10,000	
	Detached Sidewalk	4,500	$ 7.00	$ 31,500	
	Curb & Gutter (LF)	500	$ 35.00	$ 17,500	
	Box Trees	25	$ 250.00	$ 6,250	
	Contingency (10%)			$ 12,900	
	Soft Costs (20%)			$ 29,630	
					$ **227,780**
	ESTIMATED TOTAL CONSTRUCTION COSTS FOR PHASE I IMPROVEMENTS				$ **4,024,168**

Table 1. Estimated Phase I Improvement Costs

II. BACKGROUND

A. Purpose and Objectives

The purpose of this Fairgrounds Assessment is to provide the NCFA with objective information and professional insight to help them in determining future uses and improvements on the Fairgrounds, both on a short-term and long-term basis. This Assessment uses the NCF Association Board of Directors recommendations, synthesizes information derived from the tasks outlined below, and provides a series of land and program plan alternatives for future consideration and use as the market dictates.

An important overarching objective of this assessment is to identify viable options for the future use and operation of the Fairgrounds.

B. Work Completed by Consultants

In order to gain a comprehensive and complete perspective on the physical site, operational, programmatic and financial conditions of the Fairgrounds, the Consultant Team performed the following series of tasks:

1. Attended the 2015 Annual Fair, a race at the Speedway, and visited/toured the Fairgrounds during several non-event periods;

2. Analyzed the Fairgrounds site from a land use and urban design perspective.

3. Conducted interviews with a list of various stakeholders identified by Napa County Fairgrounds Association. The Stakeholders interviewed included:

    - NCFA Board of Directors;
    - Representatives from the County of Napa;
    - Representatives from the City of Calistoga;
    - Representatives from the Speedway;
    - Representatives from the Arts Community;
    - Representatives from the Boys & Girls Club;
    - Representatives from the community;
    - Representatives from various existing local non-profit organizations; and

- Representatives from the Calistoga Unified School District.

4. Conducted field research and obtained secondary information about competitive venues;

5. Analyzed historic operational data provided by the NCFA to assess the financial condition of the Fairgrounds;

6. Analyzed demographic and economic data about the County of Napa and the general Calistoga area;

7. Studied the market analysis completed by Gruen Gruen + Associates for the Association that assess the demand for a meeting and conference center in Calistoga; and

8. Analyzed the governance and operating structure of the NCFA.

C. Previous Planning Efforts

Fair Association Long Range Plan Ad-Hoc Committee

During the period from early 2013 through mid-2015 the Napa County Fair Association (NCFA) Board of Directors reviewed and evaluated the Annual Fair and related non-Fair program activities. In doing so, the Board evaluated each of the existing program activities based on two key criteria: 1) degree to which each program may benefit the citizens of Napa County; and 2) the potential financial contribution of each program toward financial sustainability of the Association.

The Board determined that the Annual Fair is the highest ranking priority, and that other program activities must provide the financial contributions needed for sustainability and provide additional benefits to the citizens of Napa County. The next highest ranking program activities were the Events Center and the RV Park. The Board provided guidance for the master planning purposes as follows:

1. Events Center

- The existing buildings and outdoor event spaces are a valuable core asset;
- The buildings need updating, renovation and appealing facade modifications;
- The Events Center must incorporate the County Fair events and 4th of July celebrations;
- Also important is an analysis of market opportunities for events, particularly off-season events which contribute to the economic vitality of Calistoga and Napa County;
- Remove chain link fence, replace with appropriate fencing and landscaping;
- Re-design each building for a consistent campus appearance, perhaps with a theme of re-purposed agricultural or industrial buildings consistent with Napa Valley style;

- Modify the interiors of each building to provide the services and flexibility; and
- Give careful attention to circulation and parking requirements;

2. RV Park

- There appears to be a market niche available for a highly rated destination park with attractive amenities and enhanced surroundings;
- Improvement of the RV Park facility should increase profits because of higher rates and increased occupancy;
- An improved facility would include full-service drive-through sites along with a clubhouse, showers, laundry, mini-mart and enhanced landscaping and attractive surroundings; and
- The RV Park will be given a high priority for capital investment and land use;

3. Golf Course and Speedway

- Speedway - continue existing operations as long as self-supporting; and
- Golf Course - continue to upgrade facilities;

4. Collaboration Opportunities

- The identified possible collaborators are Napa County, City of Calistoga, Calistoga School District, Private Business, Chambers of Commerce, and Emergency Services Providers.

Market Study for Meeting and Conference Space

The Napa County Fair Association commissioned Gruen Gruen + Associates (GG+A) in mid-2015 to conduct a market study to assess whether sufficient obtainable demand exists to support the development of meeting and conference center building space (or the rehabilitation of existing space) on the Napa County Fairgrounds. The purpose of this market assessment is to provide the Association with objective information to help inform the master planning process for the future use of the 70-acre Napa County Fairgrounds.

To accomplish the analysis, GG+A completed the following work tasks: 1) conducted field research and interviews with and obtained information and data from hotel developers, hotel and event space managers, local knowledgeable business; 2) studied hotel and event space supply conditions and trends; 3) analyzed demographic and employment characteristics of the Calistoga area; and 4) evaluated the potential demand for a meeting and event space building based on a review of meeting and conference supply and demand trends, evaluation of the supply of competitive facilities, and interviews with managers of meeting and event facilities and local tourism experts.

The GG+A market study included the following preliminary conclusions and recommendations related to potential meeting event/conference space and enhancement of revenues from complimentary use of the Fairgrounds:

- The demand for modern meeting space or a conference venue from businesses and association groups originating from outside the local market is not likely to be deep and consistent enough to offset the costs and risks of new development, while establishing a consistent source of positive net revenue for the Napa County Fair Association;

- The leisure, social, and corporate incentives market would support additional room rental demand in Calistoga and some ancillary meeting/conference and banquet space;

- Hotel rooms and food and beverage service are the essential elements, rather than meeting/conference space per se, that could be expected to generate net revenue for the Napa County Fair Association;

- Entitling a new hotel and meeting/banquet space use on the Napa County Fairgrounds can be expected to be risky, time-consuming, and expensive to undertake and would likely require the City of Calistoga and Napa County to reach an intergovernmental agreement about tax sharing and given the low density development regulations would reduce the amount of land available for other uses on the Fairgrounds.

- It was suggested to evaluate the potential revenue-generating opportunities to expand the RV Park use to include other outdoor activities such as high-end camp tenting (including options such as heavy canvas and hardwood floors to give the feel of camping, while still boasting essentials like heaters and ceiling fans) and outdoor recreational activities that could be used to serve the corporate incentives and wedding or family reunion markets. For example, hay rides, pool parties, rock wall climbing, wine tastings, volleyball courts, bocce ball courts, fitness center programs, scavenger hunt and obstacle courses for team building, and facilities or services such as massages, acupuncture and acupressure could appeal to these target markets already attracted to Calistoga.

- An enhanced golf course/club house offering would complement the potential revenue-generating enhancement opportunities described above. An improved golf course and clubhouse would likely increase the appeal of the Fairgrounds for RV Park users as well as attract a greater share of local residents. A café or other provision of food service facilities would likely be necessary as part of the expansion of revenue-generating programming, services, and facilities related to expanding the RV Park and outdoor recreational uses. Other RV Parks and camping facilities have such facilities and a market reconnaissance of these facilities could be conducted. Outreach to local food service and catering operators could be conducted as part of the due diligence programming and identification of how best to implement the development and operation of food service.

III. EXISTING USES AND CONDITION OF THE FAIRGROUNDS

A. Location and Context of the Fairgrounds Property

The Napa County Fairgrounds is located on a 70-acre parcel within the City of Calistoga on property owned by the County of Napa. The Fairgrounds is bordered by Grant Street and Single Family Residential (SFR) uses on its northeast border, North Oak Street on its southeast border, Centennial Circle and SFR uses on its northwest border, the Napa River, Logvy Community Park, and the future site of the Boys & Girls Clubs of St. Helena and Calistoga on its southwest border.

One of the major advantages of the Fairgrounds is its location relative to the City's Central Business District (CBD), and its location relative to the Silverado Trail and California Highway 128 (Figure 1). Additionally, the Fairgrounds is in close proximity to the terminus of the planned Napa Valley Vine Trail. The Fairgrounds is approximately 0.5 miles or six short blocks from the CBD, providing a short walking distance for residents or visitors. The Fairgrounds also has good accessibility from three residential streets (Grant Street, Fair Way, and Washington Street) via Lincoln Avenue (Calistoga's main street).

In addition, the Fairgrounds is approximately 26 miles from the City of Napa, and 17 miles from the City of Santa Rosa, both of which have a relatively high population base from which to draw from.

One of the major disadvantages of the Fairgrounds is that is located within a primarily residential neighborhood. (Figure 2). The essential operation of the Annual Fair and non-fair events, coupled with the racing at the Speedway and other large events, provides for potential conflicts of compatibility with the surrounding land uses. In addition, the Fairgrounds has very limited permanent or improved parking, and visitors to the Fairgrounds regularly park in the surrounding neighborhoods during large events. Because the Fairgrounds has several outdoor events, the surrounding residential neighborhood is often impacted by noise and traffic.

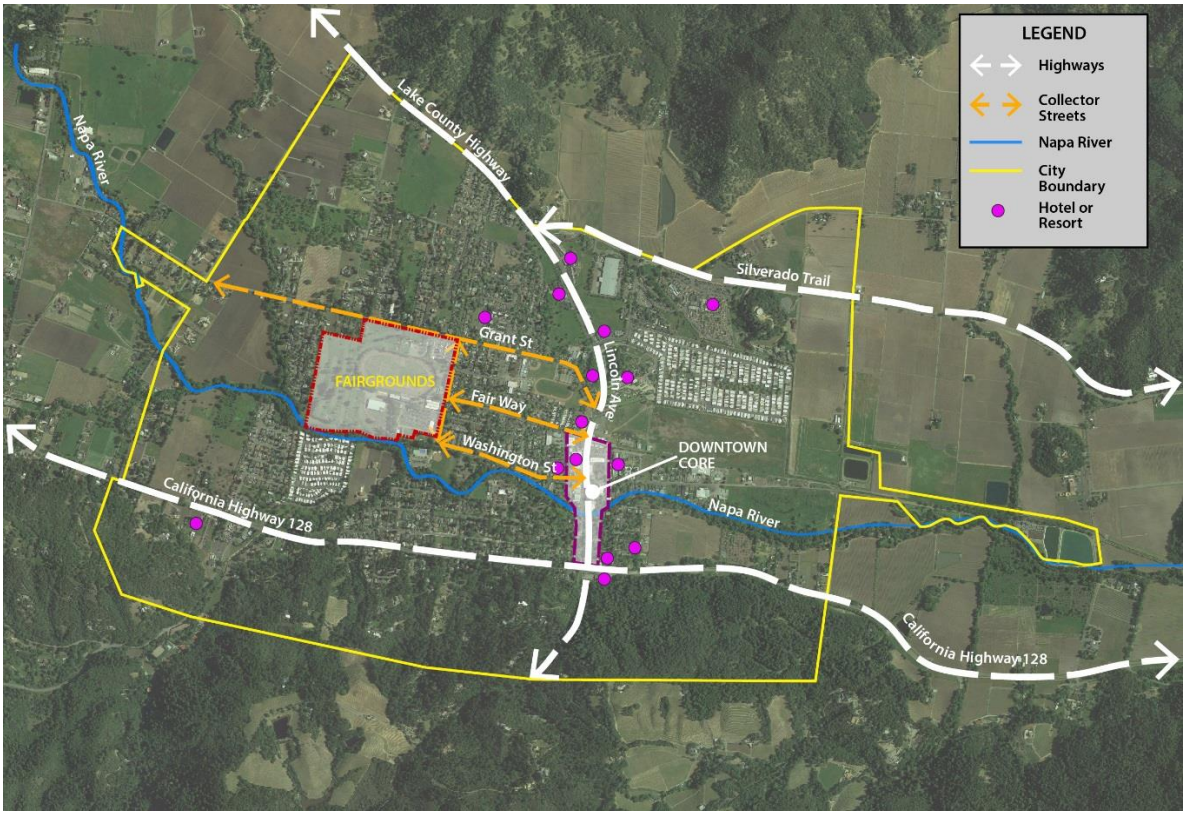


Figure 2. Fairgrounds Context Map



Figure 3. Surrounding Uses

B. Annual Fair

Pursuant to the Operating Agreement between the County and the NCFA, the Association is obligated to conduct an Annual Fair, "*The Association shall conduct the Fair in accordance with the highest and best standards for such events and shall design the Fair to maximize the benefits provided thereby to [the] County.*" Until 2014, the NCFA hosted a multi-day Annual Fair over the 4th of July holiday each year. However, due to declining attendance, competition from Napa Town and County Fair (in the City of Napa approximately 26 miles away), high operating costs, and an annual net operating loss, the NCFA now hosts a one-day Annual Fair on July 4th.

The route of the annual 4th of July parade travels down Lincoln Ave, north up Fair Way, and finishes at the Fairgrounds at the corner of N. Oak Street and Fair Way. During the 2015 fair, the parade judges' booth sat at the entrance to the Fairgrounds, and there was an observed spill-over effect from the patrons of the parade into the Fairgrounds. The 2015 Fair attracted approximately 10,000 attendees, many of whom spent just a short time at the Fair directly after the parade.

The Annual Fair has a small footprint relative to the entire size of the Fairgrounds utilizing approximately 20 acres of the 70-acre site. It was noted that the carnival, exhibitor and vendor booth sections were extremely undersized in comparison to other Fairgrounds of similar size (this does not take into account the size of the surrounding communities). In addition, the biggest draw of the 2015 Annual Fair was the fireworks show held in the evening. Seating for the fireworks show was provided in the Speedway grandstands, with fireworks launched from the Speedway infield.

Figure 3 depicts how the Fairgrounds is used during the Annual Fair. It was apparent at the 2015 Fair that there is a lack of indoor and outdoor flexible space on the Fairgrounds. As can be seen, the event for the most part is concentrated on the western side of the property due primarily to the "static" nature of other land uses on the property; namely the Speedway, golf course and RV Park. It is noted however, that a portion of the golf course is used for parking and that the infield of the Speedway and grandstand is used for fireworks.



Figure 4. Annual Fair Uses

C. Programs of the Fairgrounds

Because there are a variety of activities that happen on the Fairgrounds, the NCFA has created categories for each to operate under (programs). Due to the partitioning of the programs, each can be analyzed independently for operational performance and benefit to the total operations and financial condition of the Fairgrounds and benefit to the citizens of Napa County.

In 2015, the NCFA had a net operating revenue of approximately $1,178,000 through leases of the property, daily rentals, and services. Additional information regarding the operating performance of the Fairgrounds and the programs of the Fairgrounds can be found in Section IV of this report.

The programs of the Fairgrounds include:

- *Annual Fair*
- *RV Park*
- *Speedway*
- *Golf Course*
- *Events Center*



Figure 5. Fairgrounds Programs

Annual Fair

While the Fair is a County Fair, it is largely viewed as a local Fair for Calistogans. The Fair is currently a one-day event, held on the 4th of July, operates on approximately 20 acres, and generally takes approximately two weeks for setup and a week for breakdown – during which, limited non-fair use, golf, RV camping, and a race take place. Throughout the rest of the year, other uses can take place on the footprint of the Fair. In 2015, the Annual Fair generated a net operating loss of approximately $20,000. The Annual Fair historically has operated at a loss, but is seen as having a very high social and community befit.

RV Park

The RV Park occupies the smallest footprint on the Fairgrounds at 3.5 acres, but generates the highest revenue. In 2015, the RV Park generated a net operating income of approximately $308,076, or $88,022/acre. Additionally, Transient Occupancy Tax (TOT) tax is not collected from the RV Park. Unless there are non-fair events taking place, patrons of the RV Park can utilize the Great Lawn and golf course for recreation. The RV Park does not function as flexible space, and cannot be used for any other uses other than an RV Park. Though the RV Park is seen as having a medium social and community benefit, it is the highest revenue generating program of the NCFA,

and it provides the Napa Valley with a niche tourism lodging that is not abundant elsewhere in the County.

The Speedway

The Speedway was originally constructed on the Fairgrounds as a horse racing track that was converted to a sprint car race track in 1937, thus, it has been a major component of the Fairgrounds historically. Although the actual footprint of the Speedway uses approximately 15.7 acres on the Fairgrounds, much of the Fairgrounds is used during race events. Currently, the existing Speedway promoter (HMC Promotions) has a contract for four (4) race weekends per year, with a total of six (6) races per year, which generally happen in April, June, and September. The Speedway generated a net operating income of approximately $45,751 in 2015, or $2,914/acre. The Speedway is seen by most as having a low social and community benefit, however there is an avid racing community in support of the facility.

Existing facilities at the Speedway include covered grandstands and uncovered grandstands (roughly 3,000 total seats), the half mile dirt track, permanent concrete safety walls/chain link fencing, event lighting, an infield scoreboard, ticket office, restrooms and a food/beverage booth. The Speedway is mostly screened from view along its southerly, eastern and northern perimeters by an opaque wall/fence and adjacent vegetation. Off-site visibility is limited to the grandstands, lighting fixtures and other vertical elements. Noise is a factor in any event held at the speedway.

The Speedway is also used for other activities such as a driving range for the golf course, the home football and athletic fields for the local High School, and the venue for the High School graduation. The High School uses the Speedway approximately 8 to 10 times per year. Generally, setup for racing events take approximately two weeks and breakdown takes a week. Setup and breakdown for athletic uses take approximately two days. During the two to three weeks necessary for a racing event, the Speedway cannot be used for other activities.

Mount St. Helena Golf Course

The Mount St. Helena Golf Course represents the largest land use on the Fairgrounds at approximately 36.5 acres, and includes a reclaimed water pond and pro shop (Tucker Room). When available, the infield area of the Speedway is used as a driving range by the golf course. The course is a 2,759 yard 9-hole golf course, and has a rating/slope of 65.8/105. In 2015 the golf course generated a net operating income of approximately ($18,822), or ($516)/acre. The Mount St. Helena Golf Course is the only golf course in Calistoga, and is much lower in price than surrounding courses. The golf course is seen as having a high social and community benefit.

The course itself is not very flexible in terms of multiple uses, however, the golf course is used for parking during large events including: race events and the Annual Fair and recently for an obstacle race course. In addition to providing an inexpensive recreational activity to the local residents and guests of the hotels and resorts, the course provides an open space benefit to the

surrounding residential and acts as a visual and noise buffer. Additionally, the golf course provides a benefit to the City as it is the largest user of the City's reclaimed water supply.

Events Center

The Events Center includes several buildings, facilities, and open space areas on a total area of approximately 14.3 acres. The Events Center includes: the Tucker Room, Tubbs Building, Butler Pavilion, Cropp Building, Great Lawn, BBQ area, the Pavilion, and the Fiesta Center. While all of the outdoor facilities are flexible in terms of use, the indoor spaces do not provide effective flexible space to meet competitive market demands.

Most of the buildings and facilities are in disrepair and are non-ADA compliant. In 2015, the Events Center generated a net of $4,241, or $297/acre. The Events Center supplements the use of the Fairgrounds for the Annual Fair, is a traditional use by the Fairgrounds, and is a historical use for the NCFA. The Events Center is seen as having a high social and community benefit.

D. Physical Condition of the Fairgrounds

To obtain a perspective on the physical conditions of the Fairgrounds, the Consultant Team toured the Fairgrounds on a number of occasions and met with stakeholders during a one-week period. The Napa County Fairgrounds contains approximately 23,000 square feet of enclosed exhibition building space. The amount of outdoor exhibition space contained on the Fairgrounds ranges from approximately 800,000 to 900,000 square feet. Like most fairgrounds in California, both the indoor and outdoor facilities are aged and in need of repairs.

The universal observations and conclusions by Stakeholders of the physical condition of the Fairgrounds are below:

1. Access to the Fairgrounds from the surrounding areas and Calistoga's (CBD) is good;

2. Treatment of street frontages is unattractive and dissuading to potential end-users;

3. There is a lack of visual and physical connectivity between buildings, facilities and open space;

4. There is a lack of quality flexible indoor space to meet current market expectations;

5. The restrooms in all of the facilities are in poor condition and need to be upgraded;

6. The kitchens in all of the facilities are in poor condition and need to be upgraded;

7. Most of the buildings and facilities on the Fairgrounds are out of Title 24 ADA compliance;

8. The heating and air conditioning in all of the facilities need to be upgraded;

9. While there is ample parking on the Fairgrounds for most community events, there is a lack of improved/organized parking that works in concert with planned activities;

10. Outdoor lighting is very poor;

11. Areas offering respite and relaxation (open grassy fields) are underutilized;

12. The Fairgrounds has an abundance of large mature trees that are underutilized by current plans/designs;

13. The Napa River is an underutilized resource; and

14. Directional and identification signage to and on the Fairgrounds is poor.



Figure 6. Existing Uses of the Fairgrounds

Access to the Fairgrounds

The Fairgrounds has very good access from three residential streets (Grant Street, Fair Way, and Washington Street) via Lincoln Highway. Lincoln highway is Calistoga's "Main Street" and makes up the City's Central Business District (CBD), which is approximately 0.5 miles or 6 short blocks from the Fairgrounds.

- *Fair Way* represents the historic entrance to the Fairgrounds not only because of its name, but because it terminates at a slightly off-center entry monument and ticket booth. Because this is a heavily used residential street, Fair Way is geared more towards pedestrian use versus vehicular use as a means of accessing the Fairgrounds.

- *Grant Street* is one of the most travelled roads in the City providing direct access from the CBD to the City's High School, and Tubbs Lane wineries. In addition, this road runs contiguous to the eastern edge of the Fairgrounds providing direct access to the golf course and RV Park.

- *Washington Street* provides access to the heart of the City's CBD, City Hall, the Sharpsteen Museum, the City's Elementary School, the City's only active recreational park (Logvy Community Park), the City Community Pool, and the site of the Boys & Girls Club. In addition, this road has a high level of fully matured trees.

  Washington Street has the potential to become a strong contender as both a primary pedestrian and vehicular means of Fairgrounds access, given its growing connectivity of civic/public land uses between Lincoln Highway and the Fairgrounds. This could even be more relevant if some of the issues discussed further in this report were to become ideas that the Association Board of Directors wished to pursue.

Public Street frontages

The Fairgrounds property is bordered by public residential streets on three sides (N. Oak Street, Grant Street, and Centennial Circle), and bordered by the Napa River on one side. The property is completely fenced on all of perimeters with chain link fence. The primary purpose for the fencing is to keep people off the grounds due to risk and liability, however it also creates an unattractive and deterring effect.

- *North Oak Street* – This road provides access to the front entrance of the Fairgrounds – including the iconic entry monument and ticket booth, the entry to the unimproved parking area for large events (including the Annual Fair, race events, and non-fair events), the primary entrance into to the RV Park, and access to the major leasable facilities (including the Tubbs Building, Butler Pavilion, and the Great Lawn). The land use opposite N. Oak Street is residential.

- *Grant Street* – This road provides access to the Mount St. Helena Golf Course and the secondary entrance into the RV Park. The land use opposite Grant Street is mainly single family residential. Although Grant Street is heavily traveled, it remains a narrow street at approximately 25 feet from edge of pavement to edge of pavement.

- *Centennial Circle* – Centennial Circle abuts the northern edge of the golf course providing course frontage to many of the homeowners. The course is separated from the homes by a non-accessible chain link fence. This road is lightly travelled by pedestrians and vehicles as it does not provide for any through traffic.

Tubbs Building

The Tubbs Building is the largest multi-purpose building on the Fairgrounds at approximately 20,000 square feet, with a usable/leasable hall space of approximately 11,952 square feet, and an assembly capacity of 1,462 people. Its cosmetic condition and overall functionality is marginal, however the structure itself (buildings bones) seems to be in good condition. The exterior of the building is plain concrete with a large window that is rendered useless by the lowered T-bar ceiling on the interior that makes the space feel depressed. The interior layout includes a small kitchen, an open layout with square concrete columns that divide the space unevenly into thirds, restrooms, and a side room.

The Tubbs Building is used an events space, but also includes Fairgrounds administration offices, which is currently shared by one City of Calistoga program. The Tubbs Building also includes storage for Fairgrounds equipment and restrooms. The main uses of this building during non-fair events include charity fundraisers and private family events.

Butler Pavilion

The Butler Pavilion is the second largest multi-purpose building on the Fairgrounds at approximately 6,000 square feet, with a usable/leasable area of approximately 4,060 square feet, and an assembly capacity of 550 people. Its cosmetic condition and overall functionality is poor. The exterior walls of the building are concrete block, and the architecture utilizes high windows for light. However, the windows only allow minimal light into the facility because of lowered T-bar ceiling that makes the room feel dark and depressed. The interior layout includes an open layout, one kitchen, one storage/bar room, and non-ADA compliant restrooms that are in marginal condition.

Because the Butler Pavilion has two major entry/exit doors, the building does not offer flexible indoor/outdoor space. In addition, due to the size and layout of the building, it only functions well for small gatherings or events. The main uses of this building during non-fair events include private family events, civic meetings, and dance classes.

Cropp Building

The Cropp Building is a moderately sized building at approximately 5,000 square feet, and an assembly capacity of 506 people. The cosmetic and functional condition of the building is marginal. The exterior walls of the building are a metal Butler Pavilion frame and there are no windows. The interior layout includes an open layout, one kitchen, one storage/bar room, storage rooms, and non-ADA compliant restrooms that are in marginal condition. The building is currently leased year-round as an arts building. The Cropp Building has good access to the front of the Fairgrounds from N Oak Street, and is in close proximity to the Great Lawn.

Pavilion

The Pavilion is a 27,600 square foot metal steel frame agricultural structure with a roof and no walls. The structure is underutilized as it is currently used for parking during the Annual Fair, racing events, and large non-fair events, and large equipment storage. The Pavilion is located near the center of the Fairgrounds, and does not have good access from the surrounding roads. Nearby, but not adjacent, are non-ADA compliant restrooms that are in poor condition.

Entry Monument & Ticket Booth

The entry monument is an iconic/historic component of the Fairgrounds. The structure is in poor condition, is not currently used, and has been recommended for removal due to rot and unstable structural elements.

Tucker Room

The Tucker Room is the smallest leasable building on the Fairgrounds at approximately 3,000 square feet. Approximately 1,370 square feet of the building is used as the golf course pro shop, and approximately 1,630 square feet of the building is used as multi-purpose space with an assembly capacity of approximately 150 people. The exterior walls of the building are concrete, and the architecture utilizes high windows for light. The interior layout includes a kitchen and a restroom that is separated from the building. The cosmetic condition and the overall functionality of the building is marginal; however, the functionality of the kitchen is poor.

The Tucker Room has a small assembly capacity as well as a shared parking lot with the golf course, it works well for small meetings. The main uses of this building during non-fair events include board meetings, service club meetings, and civic meetings.

Fiesta Center

The Fiesta Center is located at front of the Fairgrounds on N Oak Street, and is a paved asphalt area of approximately 20,000 square feet with a covered area of approximately 8,000 square feet. This facility has good access from N Oak Street, and is a generally underutilized area of the Fairgrounds.

Great Lawn

The Great Lawn is an open grass field located at the front of the Fairgrounds on N Oak Street, and is used as a multi-purpose outdoor facility. The Great Lawn is used for non-fair events such concerts, parties, car shows, and parking. During the Annual Fair the Great Lawn is used as the carnival lot – accommodating rides and games. During racing events the Great Lawn is used for parking and camping.

The Great Lawn has 50 amp electric and water hook-ups for 72 units. These hookups however are not sufficient for a typical RV Park, as there is no sewer hookup, trees or flat pads, and is therefore rarely used as an overflow RV lot. In addition, the 50-amp hookup is not sufficient for the carnival use; the carnival brings in generators to power each of the rides, booths, and attractions.

Barbecue Area

The Barbecue Area is an outdoor paved area centered around an open brick barbeque pit. The Barbecue Area sits directly adjacent to the Speedway and is approximately 0.75 acres.

Plaza

The Plaza area is a paved space between the Tubbs Building and Butler Pavilion. This area is used for primarily for parking during non-Fair events.

Speedway

The Speedway is the second largest facility on the Fairgrounds at approximately 15.7 acres. The Speedway facilities include a ½ mile dirt track, two permanent aluminum grandstands (one of which is covered), five temporary aluminum bleachers, non-ADA compliant restroom facilities, two food and beverage concessions, track lighting, and an audio system. The grandstands can hold approximately 3,000 people during an event. Recently the Speedway was improved by the addition of a catch net around the track.

The grandstands are both in functional condition, however they are non ADA compliant. Associated restrooms are functional, but are in poor condition, and are also non ADA compliant. Although there are a number of light standards in the infield of the Speedway, the lighting provided is not sufficient for race events requiring that additional lighting be brought in for events. Furthermore, there is not an ADA compliant path of travel into the track and there is insufficient path of travel or lighting at night. It was also noted by the Consulting Team that the races produce high levels of noise and dust, and the races could be heard clearly in downtown Calistoga, as well as in all surrounding neighborhoods.

Calistoga RV Park

RV Park facilities include 69 total sites, 24 of which are full service (fully mature trees, sewer, water, and 50-amp power), a restroom facility with showers, and Wi-Fi. The RV sites are not completely level and have drainage issues when it rains. The RV Park site is partially paved and partially gravel. The primary reason the RV Park is largely successfully is because the Napa Valley is a destination with limited RV Parks and limited affordable lodging.

While the amenities provided to the RV Park are satisfactory, the RV Park does not offer the state of the art facilities (ie: concrete pads, lawn, 100amp power, sewer, water, TV and internet) that is a trending movement within the industry.

Mount St. Helena Golf Course

The Mount St. Helena Golf Course, which was developed in the 1950s, sits on approximately 36.5 acres and includes the City's largest reclaimed water pond. The course offers 9-holes that can prove to be somewhat challenging through the use of mostly par 4 holes.

The golf course itself is relatively flat with dispersed fully mature trees. The condition of the course can be categorized as marginal – the greens are small, there are dead trees on the course, and the bunkers are not well maintained. The course is not very flexible in terms of multiple uses, however the golf course is used for parking during race events and the Annual Fair.

The golf course is seen as a great social and recreational amenity to the City because there are no other golf courses in the City to serve the residents or guests of the local hotels and resorts. In addition, the golf course offers an amenity to the surrounding residential land uses as it acts as both green space and a buffer to events that take place on the Fairgrounds.

E. Other Considerations and Constraints

Boys & Girls Club

The Boys and Girls Clubs of St. Helena and Calistoga (BGC) clubhouse is currently under construction on a 1.0-acre City owned parcel of land on the southeast corner of the Fairgrounds at N Oak Street and Washington Street. The negotiated lease between the City and BGC is for a 55-year lease at $1 per year. Under the current agreement with the City, the City will have first choice for use of the facilities while they are open for public use/rental. The City also has proposed to utilize a modular building for office administration in the back of the site.

The primary focus of the BGC is to act as an after-hours program for youth (K-12) to engage in a safe and supportive program. Typical hours of operation during the school year are 2pm - 6pm Monday through Friday. Typical hours of operation during the summer are 8am – 6pm Monday through Friday. The gym is open for basketball from 6pm – 9pm Monday through Saturday. Generally speaking, the Boys and Girls Club does not rent the facilities to private parties.

The BGC has secured an access and utilities easement from the County on the Fairgrounds property. Additionally, the BGC may have a lack of parking spaces with only 27 on-site parking spaces for the project, and 9 of which will be dedicated to employees. The BGC may need to use parking on the Fairgrounds during large events.

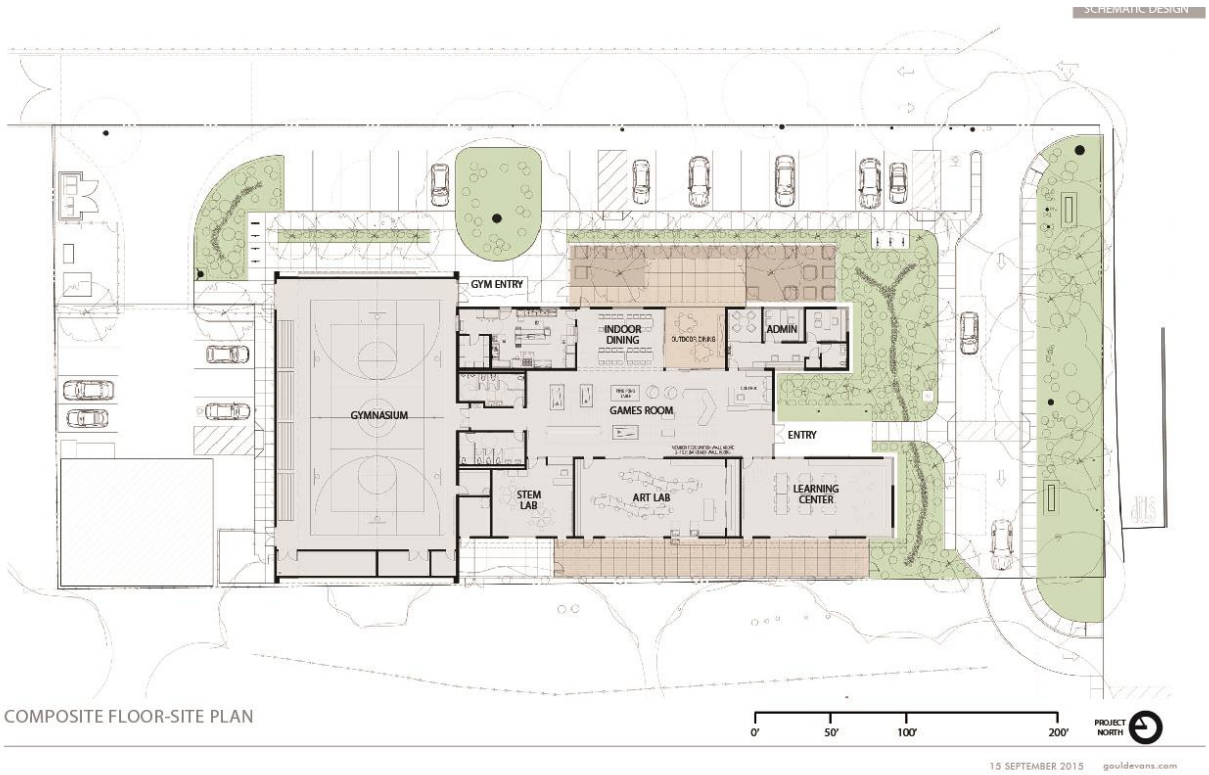


Figure 7. Boys & Girls Club Plan

Napa River

The Napa River runs along most of the southwestern edge of the Fairgrounds, separated by a chain link fence. Interaction with the Napa River from the Fairgrounds is limited to its use as a visual backdrop to the Golf Course.

The Napa River is an important natural feature of the City of Calistoga and the County of Napa. The City's general plan has a proposed trail beside the Napa River and the Fairgrounds, which would connect Logvy Park to Heather Oak Park. In addition, the City's general plan specifies that the integration with the Napa River should be treated as an open space linear park.

Logvy Park

Logvy Park is the largest park within the City at approximately 10.5 acres. Logvy Park is bordered by Washington Street and Fairgrounds to the north, and the Napa River to the south. The park is

currently used as the City's main recreation center and includes a baseball field, a swimming pool, and an improved parking lot.

Logvy Park is an important asset to the City as there is a lack of active recreation elsewhere within the City. The City had approximately 5,300 residents per the 2014 census data. The City has a total of 15.2 acres of parkland, and four of the seven parks are less than an acre.

IV. HISTORICAL OPERATING AND FINANCIAL PERFORMANCE OF FAIRGROUNDS

For approximately seventy-five years the Association enjoyed financial support from the State-wide partnership between the California horse racing industry and the network of California Fairs under the California Department of Food & Agriculture's Division of Fairs and Expositions. As a result of the struggles of the California horse racing industry, the California network of Fairs sought a new funding source to support its operations and for two years (2010-2011), became part of the State of California's general fund. However, the entire California Fair industry lost all support from the State's General Fund in 2012 due to the dire straits of the State's economy and budget. For the Napa County Fair Association, this translated to a loss of nearly 20% of the NCFA operating revenues, revenues that supported capital improvements, major maintenance repairs, and community programs.

It should be noted that starting in 2011, the Association began modifying its accounting practices to nonprofit best practices reporting in order to more accurately reflect the costs of each of its programs, a transition that took place over several years. All revenues and expenses directly associated with individual programs have been allocated to those programs since 2014. Any revenues or expenses not directly associated, i.e. water and sewer, liability insurance, etc., are captured under General & Administration and then allocated to the programs at the end of the year, based on formulas reviewed by the Association Board.

A. Annual Fair

Fair Attendance Patterns

Based on data provided by the Napa County Fair Association, a summary of the annual attendance (paid and non-paid) of the Fair was reviewed for the eleven-year period from 2005 to 2015. During that period the attendance varied significantly primarily due to the number of days that Annual Fair was conducted during each respective year.

From 2005 to 2011 the Annual Fair was a multi-day event drawing between 17,676 to 28,054 attendees – or approximately 4,419 to 7,014 attendees per day (average). In 2012 the Annual Fair became a six-day event and drew approximately 18,309 attendees which was about the same total as the four-day event in 2011 – however the per day average attendance decreased to approximately 3,052 per day. In 2013 the Annual Fair became a five-day event drawing approximately 20,144 attendees which was greater than the three previous years – although the average attendance per day was approximately 4,029 attendees.

In 2014 the Annual Fair became a one-day event highlighting the Annual 4th of July Celebration and Fireworks event. The Annual Fair in 2014 and 2015 drew approximately 10,177 and 10,002 attendees, respectively.

B. Summary of Overall Fairgrounds Operating and Financial Performance

Financial Performance of Overall Fairgrounds Operations

Operating revenues, operating expenditures, and net operating profit/(loss) were reviewed for the overall Fairgrounds for the period from 2010 to 2015, during which the total Fairgrounds operating revenue increased approximately $198,000 between 2010 and 2015. There was a steady increase in total annual revenues each year during that five-year, with the RV Park, Fair and Events Center experiencing increased revenues, the Speedway experiencing declining revenues, and the Golf Course maintaining total revenue.

Total annual operating expenditures (excluding depreciation expenses) fluctuated drastically for the period from 2010 to 2015 – increasing only slightly more than 10% overall during that period. Annual Administration costs decreased approximately $166,000. The Fair nearly doubled in expenditures, the Event Center rose by $146,500, while the Golf Course maintained relative expenditures. Other categories include a decrease in the Speedway by $90,000 and an increase in the RV Park by $41,000.

Net Operating Income of Napa County Fairgrounds

Over the six-year period from 2010 to 2016, the Fairgrounds has generated annual net operating losses in three of the six years reviewed. The largest annual operating losses occurred in 2010 ($194,951) and 2011 ($182,287). These annual net losses reflect the performance of the Fairgrounds before depreciation expenses and offsetting revenue to the Fairgrounds from State California Department of Food & Agriculture, Napa County, and other revenue sources from grants, interest income, or other donations.

Other (non-operating) revenue sources such as State Department of Food and Agriculture allocation have supported the annual net operating losses of the Fairgrounds. In 2011, 2012, and 2014 the Fairgrounds net income was positive after taking into account non-operating sources of support. However, in 2010 and 2013, the Fairgrounds operating losses exceeded other non-operating revenues. In 2012, the State's revenue allocation was suspended.

C. Summary of Fairgrounds Operating Performance by Program Activity

Summary of Annual Operating Revenue by Program Activity – 2015

We reviewed preliminary information regarding the amount of annual operating revenue by each of the Fairgrounds program activities in relation to the geographical area (acres) of the Fairgrounds that is utilized by that respective program activity for 2015 and for the annual average for the period from 2010 to 2015.

Based on that preliminary information the RV Park generated the highest amount of annual operating revenue per acre both in 2015 ($125,028) and for the average during the period from

2010 to 2015 ($95,030). The golf course generated the lowest amount of annual operating revenue per acre in 2015 ($5,092) and for the average during the period from 2010 to 2015 ($5,058), with the Speedway and Events Center generating $7,244 per acre and $12,522 per acre, respectively, in 2015.

Summary of Annual Net Operating Income / (Loss) by Program Activity

We reviewed information regarding the summary of net operating income/(loss) by Fairgrounds program activity for the period from 2010 to 2015. Only the RV Park and Events Center experienced positive annual net operating income for each of the six years from 2010 to 2015. The RV Park annual net operating income increased, and the annual net operating income for the Events Center has declined. The Speedway has experienced positive operating income in five of the six subject years rebounding from negative annual net operating income in 2012 ($16,385) to positive annual net operating income in 2014 of $12,090 and 2015 of $45,751. The Speedway would have also experienced a net operating loss in 2013 if not for a $505, 050 in-kind donation. The golf course has experienced negative annual net operating income every year since 2011 with only 2010 producing positive net annual operating income ($19,966).

It should be noted that the figures presented for net operating profit/(Loss) do not take into account the Association annual administrative and general expenses which would potentially alter the resulting estimated annual net operating income figures presented in Table 3 below.

D. Summary of Non-Fair Event Activity

Preliminary information regarding non-Fair event activity (Events Center) for the period from 2010 to 2015 was reviewed including the number of events and frequency of use of the Events Center buildings/facilities. The facilities included Tubbs Building, Butler Pavilion, Cropp Building, Tucker Room, Fiesta Center, Pavilion, BBQ Area, Great Lawn, infield and grandstands.

Based on that preliminary information the overall average number of events per year for the 2011 to 2015 period was approximately 47 with the corresponding average number of event days at 420 days. The figures for 2010 were significantly less than those average figures for the 2011 to 2015 period

	Operating Years					
	2010	2011	2012	2013	2014	2015
General & Administrative						
Revenue	$ 6,138	$ 9,354	$ 9,144	$ 10,796	$ 98,812	$ 57,352
Expenditures	$ 495,242	$ 512,814	$ 145,315	$ 203,466	$ 338,614	$ 329,254
Net Profit/(Loss)	$ (489,104)	$ (503,460)	$ (136,171)	$ (192,670)	$ (239,802)	$ (271,902)
Fair						
Revenue	$ 194,432	$ 242,522	$ 392,176	$ 346,067	$ 335,413	$ 346,612
Expenditures	$ 232,161	$ 251,715	$ 408,724	$ 408,122	$ 364,439	$ 419,662
Net Profit/(Loss)	$ (37,729)	$ (9,193)	$ (16,548)	$ (62,055)	$ (29,026)	$ (73,050)
Speedway*						
Revenue	$ 229,442	$ 194,538	$ 249,238	$ 546,428	$ 137,343	$ 113,732
Expenditures	$ 158,169	$ 119,586	$ 265,623	$ 91,028	$ 125,253	$ 67,981
Net Profit/(Loss)	$ 71,273	$ 74,952	$ (16,385)	$ 455,400	$ 12,090	$ 45,751
Golf Course						
Revenue	$ 191,287	$ 155,971	$ 175,307	$ 200,558	$ 198,797	$ 185,847
Expenditures	$ 171,321	$ 158,082	$ 214,897	$ 213,313	$ 203,924	$ 204,669
Net Profit/(Loss)	$ 19,966	$ (2,111)	$ (39,590)	$ (12,755)	$ (5,127)	$ (18,822)
RV Park						
Revenue	$ 249,285	$ 266,693	$ 310,323	$ 352,526	$ 379,211	$ 437,597
Expenditures	$ 88,382	$ 99,837	$ 112,933	$ 123,420	$ 156,367	$ 129,521
Net Profit/(Loss)	$ 160,903	$ 166,856	$ 197,390	$ 229,106	$ 222,844	$ 308,076
Events Center						
Revenue	$ 107,924	$ 116,299	$ 141,412	$ 140,804	$ 148,633	$ 179,071
Expenditures	$ 28,184	$ 25,630	$ 98,565	$ 140,317	$ 116,219	$ 174,830
Net Profit/(Loss)	$ 79,740	$ 90,669	$ 42,847	$ 487	$ 32,414	$ 4,241
Emergency Response						
Revenue						$ 127,260
Expenditures						$ 118,191
Net Profit/(Loss)	$ -	$ -	$ -	$ -	$ -	$ 9,069
Total Operating Profit/(Loss)						
Total Revenue	$ 978,508	$ 985,377	$ 1,277,600	$ 1,597,179	$ 1,298,209	$ 1,447,471
Total Expenditures	$ 1,173,459	$ 1,167,664	$ 1,246,057	$ 1,179,666	$ 1,304,816	$ 1,444,108
TotalNet Profit/(Loss)**	$ (194,951)	$ (182,287)	$ 31,543	$ 417,513	$ (6,607)	$ 3,363

Footnotes:

*Speedway 2013 Net Profit includes $505,050 in-kind donation, not cash

**Does not include State Allocations, State Project Funds, or depreciation

Sources: Napa County Fair Association; RCH Group, Inc.; A. Plescia & Co.

Table 2. Summary of Financial Operating Performance

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V. MARKET DEMOGRAPHIC AND EMPLOYMENT CHARACTERISTICS

The Consulting Team reviewed information related to existing and projected demographic characteristics of Napa County as the primary attendance area for the Fairgrounds. The purpose of reviewing the demographic characteristics is to determine how such characteristics potentially effect existing/future programs, events and activities for the Fairgrounds.

The information reviewed included existing/projected total population, existing/projected distribution of total population by age of population, existing/projected distribution of population by race/ethnicity, and composition of households for Napa County. A summary and description of the detailed demographic characteristics is presented in an Appendix to this Opportunity Assessment Report.

A. General Characteristics of Existing Napa County Population

General Calistoga Area Population Characteristics

Approximately 6,600 people and more than 2,500 households reside within three miles of the Fairgrounds. The neighborhoods closest in proximity to the Fairgrounds are characterized by a higher Hispanic population and slightly lower household income. Approximately 50% of the population located within one mile of the Fairgrounds is Hispanic and approximately 62% of residents are under the age of 35. Within one mile of the site, the median household income approximates $57,000 and approximately 60% of annual household incomes are below $75,000. Within three miles, the median household income is approximately 8% higher.

General Characteristics of Napa County Population

There are a few differences in the population characteristics of the Calistoga area and Napa County. In terms of age there is similarity in the categories for persons under the age of 18/20, but the percentage of persons above 65 years old is slightly less in Napa County. The percentage of Hispanic population is much greater in the Calistoga area (44% to 50%) than for the Napa County (34%). The overall annual median household income in Napa County is substantially higher at $70,925, than for the general Calistoga area ($56,974 to $61,456). Likewise, there are a slightly higher percentage of households with annual income of $75,000 or more in Napa County (48%) than the general Calistoga area (40% to 43%).

B. Composition of Projected Future Napa County Population

Projected Growth of Future Napa County Population

The total population of Napa County is estimated to increase by as much as 3.4% and as little as 1.3% during the 10-year periods from 2010 to 2060. Overall the total population of Napa County is projected to increase approximately 21.3% overall for the 45-year period from 2015 to 2060 –

less than one-half percent average per year. The percentage of male and female populations are virtually the same in 2010 – with approximately 50.2% male population and 49.8% female population. That trend is projected to continue through the period 2020 – and thereafter is projected to be 50%/50% until 2060.

Age of Projected Future Napa County Population

The total population of Napa County is projected to get older during the period from 2010 to 2060. Specifically: i) the under 18-years age groups (preschool and school age) combined are projected to decrease from approximately 22.9% of the total Napa County population in 2010 to 19.2% in 2060; ii) the 25 to 64-year age group (working age) is projected to decrease from approximately 53% of the total Napa County population in 2010 to 49.0% in 2060; and iii) the 65-year and older age groups (young retirees, mature retirees and seniors) combined are projected to increase substantially from approximately 15.1% of the Napa County total population to 23.6% in 2060

The overall median age of the projected Napa County population is projected to increase from approximately 39.7 years in 2010 to 43.3 years in 2060 – approximately a 9.1% increase over that fifty year period.

Ethnicity of Projected Future Napa County Population

The overall population of Napa County is projected to be more diverse over the period from 2010 to 2060. Specifically: i) the percentage of White population is projected to decrease significantly from approximately 56.1% in 2010 to 34.3% in 2060 – a decrease of 21.8%; ii) the percentage of Hispanic or Latino population is projected to increase significantly from approximately 32.6% in 2010 to 49.1% in 2060 – almost one-half of the Napa County population; and iii) the percentage of Asian population is projected to increase moderately from approximately 6.6% in 2010 to 10.9% in 2060

C. Relationship of Demographic Characteristics to Future Fairgrounds Programming

The projected extent and composition of future Napa County population potentially has effects on future existing/new programs, events and activities for the Fairgrounds. Two of the potential key factors are: 1) projected aging of the total future Napa County population; and 2) the projected race/ethnicity diversity of the total future Napa County population.

- In regard to the aging of the population, there will need to be consideration given to future programs, events and activities that focus on the interests of the projected aging population (such as senior health fairs, housing, service, volunteer and employment programs, etc.); and

- In regard to the diversity of the population, there will need to be consideration given to future programs, events and activities of the Fairgrounds that attract a more diverse

population, and focus on the cultural interests of the race/ethnicity groups that constitute larger percentages of the total Napa County population (such ethnic oriented food/music/arts, education, health, sports programs/services).

VI. STAKEHOLDER MEETINGS

A. Purpose and Objective

Stakeholder interviews were conducted by the Consultant Team in October and November 2015. During the stakeholder interviews there was an expressed concern and hopefulness for the future of the Fairgrounds. Current users of the Fairgrounds were concerned about disrepair of the facilities. Several groups also indicated that there are better and more cost effective options than the Fairgrounds for events, however, found that Fairgrounds provides an important value to the community.

B. Summary of Findings

The Consultant Team conducted each of their interviews in person, and additionally received feedback from outreach performed by the Association Board of Directors. The individuals, groups, and organizations interviewed include:

- Napa County Fair Association Board of Directors;
- Napa County Staff;
- City of Calistoga Staff;
- Boys and Girls Club;
- HMC Promotions;
- Local Arts Community;
- Local Golf Community
- Non-Profit Users; and
- Calistoga Union School District

The stakeholders interviewed involved those familiar with the Fairgrounds, its history, and importance to the community. The key issues observed include:

<u>General Perceptions</u>

- All of the groups interviewed stated that the Fairgrounds is an important asset and benefit to the local and larger Napa County community;

- All of the groups interviewed stated that they would like to see the Fairgrounds as a successful, self-sustaining entity;

- The Fairgrounds has a beautiful setting, and should be used for small to medium size events (e.g. weddings, concerts, etc.);

- The Fairgrounds is underutilized, and given the proper facilities could host more events throughout the year;

- The two biggest issues for surrounding uses at the Fairgrounds are noise and parking;

Existing and/or Future Uses

- All stated that the Fairgrounds provides an inexpensive option for events in Napa County;
- A majority of the groups interviewed expressed a desire for additional flexible open space;
- There was a perceived demand for festivals on the Fairgrounds;
- There was a desire by some of the groups interviewed to include a working farm;
- It was believed that the existing farmers market could relocate onto the Fairgrounds;
- There was a perceived demand for additional office space for the City of Calistoga;
- There was a perceived demand for hotel space on the Fairgrounds;
- A majority of the groups interviewed perceived the Speedway as the lowest priority on the Fairgrounds, and believed that it was not the highest and best use of land;
- All of the desired improvements to Fairgrounds require some sort of capital investment;
- There is a hesitancy to invest into the infrastructure of the Fairgrounds due to the short length of the existing Association and Napa County operating agreement;

Facilities

- The facilities at the Fairgrounds are usable, however they are outdated and in disrepair;
- The restrooms and kitchens in all of the facilities are in poor condition;
- The heating / air conditioning in all of the buildings needs to be upgraded;
- Outdoor lighting, and some indoor lighting, is poor;
- The street frontage of the Fairgrounds is not aesthetically pleasing;
- New or upgraded facilities are desired, however there was a hesitancy to pay increased rental rates.

VII. CRITICAL ISSUES, OPPORTUNITIES AND CONSTRAINTS

A. Events Center

The Annual Napa County Fair is currently a one-day event, highlighting the historic 4th of July celebration, limiting its ability to be a major producer of revenue. This presents a strong case to show the need for the Fair to have additional sources of revenue to meets its goal of financial sustainability.

Other sections of this assessment identify some of those additional revenue sources and how they might be increased through re-programing, re-design, re-location and/or the re-purposing of the land that they sit upon. Another way to increase revenues is to add new/supportive programs and facilities that might not only help to support those other activities but in and of themselves constitute a source of revenue.

Financial sustainability is predicated upon a premise that the Fairgrounds need to be able to accommodate multiple events or activities at any given time with minimal modifications or operational conflicts. In other words, flexibility to accommodate with minimum disruptions and/or additional expenditures for equipment, personnel, etc.

As currently planned and designed, the Napa County Fairgrounds is not a flexible facility. Uses such as the Golf Course, Speedway and RV Park are static, stand-alone facilities that do not interact and do not contribute much to the whole, other than the revenue they each generate. Furthermore, the buildings that might be considered to provide flexible space are aging facilities, are unsightly, are not well placed to interact with other uses on the site and are not up to standards as rental space in a sophisticated affluent market. Some of these downsides could be remedied by new paint, new doors/windows, upgraded HVAC systems, upgraded bathrooms/kitchens and modern communications. However, the fact remains that that these buildings are not well located and the likely costs of such upgrades could be prohibitive and still not provide the types of facilities the Fairgrounds needs.

In order for the Fairgrounds to be really integrated and supportive, the Association should look at the development of a new building that could serve as the hub of a new events center. This new events center could be located in such a manner on the property that it becomes the focal point of the grounds, able to not only be a standalone revenue source, but to be a supportive and integral component of other activities; activities that could potentially involve a working farm, a wedding venue, a food/beverage establishment, a re-focused golf course, a high-end RV Park, etc.

A typical building that the Board may choose to consider might involve a 10,000 square foot structure strategically located in such a manner as to create a hub of activity, as well as provide for a major focal element or landmark for the site. The location could also be highly visible from surrounding streets making it a candidate for corporate or private sponsorships.

The building could be planned as a clear span structure with support restroom, kitchen and storage facilities. Movable, full-height wall panels could allow the main space to be subdivided into multiple configurations involving increments of 2,500 square feet. Such a building could accommodate up to 40 individual vendor stalls (10-foot X 10-foot with 10-foot aisles), approximately 500 people for banquet-type events (20 square feet / person) and 1,000 people for concerts and shows (10 square feet / person).

The building could be designed as an indoor/outdoor venue through the use of roll-up doors on multiple sides so that exhibitions and events could "spill out" onto both covered and uncovered hardscape areas that then would blend in with and support other adjacent uses.

Adding an events center, as discussed above, is more than just the construction of a new building. Rather, it can be part of a larger scenario where the building plays an integral role at the center of a re-designed and re-purposed Fairgrounds. Although an events center building complex can be a standalone resource, it would better serve the needs of the Fairgrounds by becoming a part of a larger solution that involves the RV Park, golf course, farm (proposed) and other discussed items.

In light of the above discussion, the concept of a new, multi-use building serving as the hub of a planned events center complex and one that is centrally located within the Fairgrounds, could work not only as a standalone facility, but would be highly supportive of other contemplated events, activities and facilities.

Main Considerations for the Association Board of Directors

1. Maintain the existing facilities in their current condition;

2. Upgrade, modernize, and expand existing facilities; and/or

3. Create entirely new facilities to replace or supplement existing facilities.

B. RV Park & Lodging

There appears to be an opportunity for the Fairgrounds to further take advantage of its location within the Napa Valley by offering hospitality options to a growing number of people with high-end recreational vehicles. These vehicles could be characterized as “land yachts”, as they cater to a similar demographic profile as those that are water based, are highly customizable, and are very costly to own, operate and maintain. Similarly, an exclusive RV Park could be compared to a port of call or “marina” as a place to dock and stay for a while; although not permanently. These luxury oriented parks are typically located in an area of high desirability for both the seasonal and vacation oriented travelers; areas such as the Napa Valley.

Typical high-end RV Parks may include the following facilities:

- 20/30/50/100 amp sites;
- Concrete pads;
- Wi-Fi;
- Satellite TV;
- Clubhouse and entertainment center;
- Pool and spa;
- Convenience store;
- Curbside recycling and trash pick-up (each site individually);
- Pet park;
- Outdoor game areas;
- Private patios with outdoor bar-b-que and shaded sitting areas (per site);
- RV wash service;
- Laundry services;
- Fitness center;

All of these luxuries come at a substantially more expensive rental rate than a conventional RV spot and are available by the day (minimum stay required depending upon season), week or month for those that want to spend the season. Seasonal people are most typically snowbirds in the winter (north-east/mid-west sections of the US) and people escaping the heat and humidity during the summer (south-east/desert sections of the US).

For example, Vines RV Park in Paso Robles is geared towards the traveler with an interest in the wine country of the central coast. They promote their location as a means to explore local wineries, attend the Mid-State Fair, and visit San Luis Obispo and Pismo Beach among others. They are located right along Highway 101 (convenient but not very aesthetic) with rates that range from $52 to $95/per night depending upon week-day versus week-end and standard site to premium site; holidays and special event days excluded. All sites are the same size (accommodate 45-foot-long rigs) and are priced according to location within the park and whether or not it is a pull-through. Vines is operated by Sun RV Resorts.

MotorCoach Country Club in Indio (Palm Springs area) provides a similar amenity package as described above from $99 to $211/night depending upon season and location within the park. The park is geared towards the 30 to 45-foot Class A motorhome.

The nearest advertised luxury RV Park to Napa County occurs in Vacaville at the Vineyard RV Park with rates that range from $55 to $58/night. They promote their location as being close to both Napa Valley and San Francisco, but do not fall into the category of either real proximity or up-scaled amenities.

Main Considerations for the Association Board of Directors

1. Maintain the facility in its current location and upgrade as necessary to meet market needs through the introduction of new amenities or enhanced landscaping (aesthetics, privacy, etc.), but not to the full extent of a new upscale RV Park.

2. Expand the current RV Park to the north to include the Tucker Room, allowing for the development of more luxury oriented RV spaces and amenities. The Tucker Room could be re-purposed to that of a "community clubhouse" with support facilities.

3. Maintain the facility in its current location and add a new luxury RV component to an area along the Napa River to take advantage of a location more suitable for that segment of the market. This would also allow it to be better integrated into newly designed or created components that might be associated with an Events Center complex within the Fairgrounds core area.

4. Create an entirely new RV Park geared towards the luxury motor coach user along the Napa River with a new entry and re-defined Fairgrounds core area. This would provide opportunities to relook at the design of the golf course in terms of both acreage required and type of play (true executive, par 3, strategic) in addition to freeing up a highly visible parcel of land at the corner of North Oak Street and Grant Street for some other potential land use.

C. Golf Course

The Golf Course, located on the Fairgrounds, is 9-hole golf course with a total length of 2,759 yards. The par-34 course includes seven par-4 holes and two par-3 holes. By comparison, a typical executive golf course would be a par-27 course on 2,600 yards or less.

The Golf Course contains a small pro shop that has a limited amount of merchandise and goods available for purchase. Additionally, there is no snack bar or restaurant to serve the clientele. The Golf Course relies heavily upon the local golf market for a majority of its revenues, which are derived from green fees.

The Golf Course has two primary competitive advantages over other courses in the area. The first is that it is a municipal course, which means that it is open to the public and provides for more affordable green-fees. The second is that there are few other courses in close proximity to Calistoga, and even fewer 18-hole courses. There are several Country Clubs nearby, but those are not open to the public and charge higher rates.

Nearby competing golf courses include:

- Meadowood – a 9-hole walking course approximately 10 miles away that is open exclusively to Meadowood hotel guests and members.
- Vintner's Golf Club – a 9-hole course approximately 19 miles away. Weekend fees are $25-30.
- Healdsburg Golf Club at Tayman Park – a 9-hole course approximately 26 miles away. Weekend green fees are $20.
- Hidden Valley Lake – an 18-hole course approximately 23 miles away. This course offers an RV Park/Campground with 50 tent sites, 18 full hookups, new restrooms and showers, and ample shade. This course also has a restaurant. Weekend fees for 18-holes of golf and a cart are $49.
- Aetna Springs – an 18-hole course approximately 21 miles away. Weekend green fees are $30.
- Fairgrounds Golf Center – a 9-hole course approximately 20 miles away. Weekend green fees are $20.
- Napa Golf Course at Kennedy Park – an 18-hole course approximately 30 miles away. Weekend green fees are $40.

The Golf Course offers nearby residents an opportunity to recreate in a pleasant setting. When viewed as a component of the overall Fairgrounds however, the golf course takes on a different persona as it takes up a large part of the Fairgrounds site and does not make much of an annual net operating income for the Association.

Main Considerations for the Association Board of Directors

1. Expand the City's reclaimed water use on the course. This would require improvements to several holes, but could also create interesting and challenging hole opportunities. Additionally, this may be a revenue source to make other upgrades to the course.

2. Maintain and rehabilitate the golf course in its current location and configuration. This would require tree, grass, bunker, and club house improvements. This however would likely prevent the land from being repurposed in any subsequent planning efforts due to the costs incurred in course improvements.

3. Expand the golf course to the east towards North Oak Street to include the lands associated with the current RV Park and relocate the RV Park to lands freed up along the Napa River. This would require the demolition of the Tucker Room and construction of a new pro shop that could coincide with the development of a new "Events Center". This would also require a re-design of the course.

4. Shortening the golf course to allow other uses on the Fairgrounds. The course could be redesigned to be an executive course or a strategic par 3 course; either of which might service the needs of current users and potentially better serve resort and other users playing some of the more notable courses in the area. This would require a significant re-design of the course.

5. A combination of any of the above.

D. Speedway

The Speedway has been a component of the Napa County Fairgrounds for nearly 80 years. Since its opening day in 1937, the Speedway has been the home testing grounds for a number of local residents; the most notable of which was Louie Vermeil. Events schedules for 2016 include the World of Outlaws Craftsman Sprint Series (April 9 to 10), King of the West Sprints (June 25) and Louis Vermeil Classic (September 2 to 4).

The World of Outlaws is a 17 event series of races held on a number of courses across the United States; 5 of which are in California. The King of the West Series involves roughly 20 events; all of which are in California with one date in Calistoga. The Louis Vermeil Classic is a race unique to Calistoga.

Due to the nature of the improvements to both the infield and track of the Speedway, there is not a lot of opportunity for other interim uses that could become part of a larger Fair component (e.g. multi-use open space used in conjunction with multi-use buildings) through re-design without incurring significant construction and operational costs. For example, the infield might become more useable if temporary barriers were used around the track versus what is currently employed (permanent concrete barriers), and some of the other infield improvements such as lighting and other infrastructure could be relocated. This would allow for both physical and visual access into the infield; both of which are necessary for linkage and activity intermingling. This, however, could be a costly construction effort (demolition, new equipment, engineering and architecture) and increase the operational costs (storage, longer prep and take-down times, additional staff, etc.) of the track. The economics of such a scenario are unknown.

In addition, although automobile racing is identified as a singular event, the sport has implications beyond the physical extent of the track. Spectator parking needs, driver support needs, other support service needs and noise all make, for the most part, the Fairgrounds unusable during the time of the event which extends for some time before and after each event. In addition, some of the planned land uses and activities the Association is contemplating for future use might see the speedway being a long-term negative factor and locate elsewhere.

The Speedway is perceived by most to be located in the middle of the Fairgrounds. As such there is the tendency to look at the grounds and see the speedway as a barrier between existing/proposed activities to both the east and west of it. “Connectivity” is pinched at the north by the golf course and to the south by the enclosed and isolated linear space between the edge of the speedway and North Oak Street. This is further compounded by the fencing along North Oak at the edge of pavement effectively isolating this area from any activity making it appear as a “no man’s land”.

One broad and overarching scenario that the Association Board of Directors may want to consider involves keeping the Speedway as is (at least near term) and rethinking the layout of the core area of the Fairgrounds so that the Speedway is now along the eastern edge and not in the middle. For the most part, this is the way that the Fairgrounds has been operating to date.

Doing so would clear the way for looking at both short and long-term solutions to the placement of contemplated new land uses such as a relocated RV Park, an Events Center, a farm, a wedding venue and others without the need to work around the Speedway. If the Speedway or the golf course were to be replaced at some future time by another land use, the design of this section of the Fairgrounds would take into account compatibility and connectivity allowing it to become a part of the larger complex rather than just an isolated individual component.

Elements of this new layout would include the possible movement of the main gate of the Fairgrounds further to the west, and potentially replacing the existing service road entry with a real front door. This would provide the primary point of vehicular access, and also set the theme for reinvented facilities. A complementary component involves making North Oak pedestrian friendly with an off-street trail in a highly landscaped corridor using Fairgrounds frontage. This would also be the case with a connecting trail from north to south along the Napa River. This alternative layout involves maximizing connectivity and taking advantage of the sites exposure to the Napa River as an amenity, not as a back-of-house component. This could also work with scenarios involving golf course re-design and RV Park relocation concepts. Moving the emphasis to the west also begins to better connect the Fairgrounds and its activities to those that are already part or planned for the community (parks, trails, etc.).

Main Considerations for the Association Board of Directors

1. Keep the Speedway as is for the most part and "decentralize" it in concept by moving the emphasis of the Fairground improvements to the west, such as in the manner described above.

2. Keep the Speedway as is, but plan for it as an opportunity area for redevelopment once racing is no longer either viable (market disappears), attractive (community concerns), or cost-effective (new revenue source is identified), or a combination of all three. This is a variation of the first scenario with the additional policies and guidelines recognizing that the Speedway has an as yet unknown sunset date.

3. Modify the Speedway so that it becomes more of an integrated component of the Fairgrounds. This would include some of the modifications discussed above such as temporary barriers, relocated infrastructure, etc. The effect of such a consideration is a recognition by the Association Board of Directors that racing will likely be a component of the Fairgrounds into the foreseeable future.

E. Farm Facility

Napa County has a long and unique agricultural history, and is famous for its fine wines, expansive vineyards and pastoral setting. Additionally, County fairgrounds across the United States have traditionally showcased farming practices and animal husbandry as part of their annual Fair. This, however, is not the case with the Napa County Fairgrounds having relinquished this function some time ago.

During the stakeholder outreach conducted by the Consulting Team, several stakeholders expressed an interest in the consideration of a farm, or farm facilities, on the Fairgrounds. The idea behind a farm at the Fairgrounds is that the County Fair should showcase the rich agricultural heritage of the County, not so much in the traditional sense through showings and competitions, but as an economic driver and partner in ongoing activities such as viticulture, the farm to fork movement, and local culinary/hospitality efforts.

The opportunity to incorporate a farm facility into the Fairgrounds would require the repurposing of some land. A working farm on the Fairgrounds could also create a unique fair experience, allow for local partnerships, community involvement, and educational opportunities, as well as create an additional revenue stream to support the Fairgrounds.

Partnership Opportunities

Depending on the type and size of farm that would potentially be incorporated into the Fairgrounds, the startup and ongoing maintenance costs of a farm could be expensive. To help mitigate the costs, and help alleviate the Association of risk, a partnership with one or several entities would be likely.

There would be several likely partnering entities or grants that could help with the startup costs of the farm. Partners that would be likely to help with these costs would be: the City of Calistoga, Calistoga Joint Unified School District, local wineries, and local restaurants. Partners that would likely help in the ongoing maintenance costs could be volunteer groups, Calistoga Joint Unified School District, and local wineries.

The stakeholder outreach with the Calistoga School District revealed that there are not currently any agricultural programs, either as part of the core curriculum, or after school. By partnering with the local School District (and possibly others in Northern Napa County), a new educational program could be created where students could learn about agriculture, careers in agriculture, the businesses of farming, and sustainable farming practices. Students could be used to maintain the farm and learn how to implement career technical education. In addition, the farm could be tied into the Annual Fair where students could showcase their work and potentially create a larger draw of Fair visitors.

If a curriculum with the local School District is created for learning at the Fairgrounds, a revenue stream could be created, and a partnership with the local restaurants and wineries could

generate additional revenue and community interest in the Fairgrounds. Produce grown on the farm could be sold to local restaurants or food service enterprises, and wine grapes could be sold to local wineries.

Needed Facilities

There are several facilities that are need to have a successful working farm. There include, but are not limited to:

- Typically 5 or more acres of land for farming;
- Tool storage and shop;
- Barn/packing facility;
- Cooler for vegetables;
- 2" water line;
- Wash station;
- Greenhouse;
- Learning Center;

The barn structure that is used for packing and processing could also be used as an activity center, and be the centerpiece of the farm during the Annual Fair. An outdoor classroom could serve the local School District, but could also serve as an outdoor amphitheater or venue for gatherings and weddings.

Other Examples

Two good examples of working farms are the Orange County Fair (OCF) and the St. Helena Montessori School. The OCF has a working farm that serves a wide spectrum of school districts, and has brought it to national attention as a leader in the fair industry. The St. Helena Montessori School has a farm and barn that is used as a hub for farm education, and also as a multi-purpose athletic and performance room.

Main Considerations for the Association

The main consideration for the Association is whether or not to include a farm and/or farm facilities in the future plan of the Fairgrounds.

F. Food Service

Food service is an integral component of events, celebrations, festivals and other venues catering to group activities. The Napa County Fairgrounds does not currently offer food service other than what is brought in by its users.

There appears to be an opportunity for the Association to increase revenue by introducing food service by way of a café, restaurant, kitchen, general store, or the like as an integral component of a larger Fairgrounds concept that involves a potential upscale RV Park, a potential newly demarcated Events Center, a potential working farm, a potential wedding venue, and others. Additionally, the Consulting Team received feedback during the stakeholder meetings that suggests the existing kitchen and food service facilities at the Fairgrounds are inadequate.

The recent market report prepared by Gruen Gruen + Associates concluded and recommended that a café or other food service facility would likely be necessary as part of the expansion of any revenue-generating programming.

Potential Benefits to the Fairgrounds

- Golf Course – Food service is a typical use at a golf course. Patrons of the golf course could use a restaurant or general store/snack bar to buy food and beverage before, during, and after play.

- Speedway – Food service is currently offered during races by the promoter. Operating income is not shared with the Association, but future contracts could include a provision that allows the Association to share proceeds and/or to offer concessions of their own.

- RV Park & Lodging – Food service would be a great amenity. A general store/snack bar could provide needed conveniences, and a café or restaurant could provide a higher level of service. This is a necessary component in any up-scale RV Park.

- Events Center – A food service center or restaurant could provide catering services to the non-fair events.

- Farm – A food service center could partner with the farm to showcase the produce grown in the food served.

- Government and Civic Uses – Food service such as a café is typical to an office campus. In addition, a general store/snack bar could be a great amenity.

Facilities

It is likely that it would be more cost-effective to build new buildings and facilities to include food service rather than try to renovate existing buildings with kitchens. This is not only due to the

state of those existing buildings, but from a locational perspective as well as those facilities are not in a location conducive to Fairgrounds expansion.

The exact size of the facility cannot be determined at this point, and would need further study. For purposes of this report, we can conclude that the facility would need to be at least 1,500 sf and could be as large as 10,000 sf. The size of the potential building would depend on the programming and the shared use opportunities with other programs and facilities.

Another consideration of a food service center would be that of a certified kitchen. To sell a prepared food in California, whether it be a steak sandwich out of a food truck or grape jelly at the fair, it must be prepared in a certified kitchen. Small businesses and local chefs will rent space in a commercial kitchen to prepare food. If a food service center (restaurant or café) is considered by the Association, a certified kitchen should also be considered.

Main Considerations for the Association Board of Directors

1. Whether or not to include food service in the future development of the Fairgrounds as an integral component of a larger multi-use concept such as an Events Center.

2. Whether or not to include a commercial kitchen in the future development of the Fairgrounds that would not only assist with food service at the Fairgrounds, but would also provide the community with a resource needed by local food preparation entrepreneurs.

3. If the Association Board of Directors decides to include food service in the future of the Fairgrounds, they must consider whether to include the kitchen in existing facilities or into a new facility.

G. Potential for a Lodging Facility or Hotel Development on Fairgrounds

As previously mentioned in this report, the Association commissioned Gruen Gruen + Associates (GG+A) in mid-2015 to conduct a market study to assess whether sufficient obtainable demand exists to support the development of meeting and conference center building space on the Napa County Fairgrounds, including the potential demand for hotel rooms. The following is a summary of preliminary information from the GG+A market study.

Existing Calistoga Hotel Market

The current Calistoga hotel market has high year-round occupancy rates and high average daily rates. While new hotel supply has recently been added in Calistoga, the occupancy and average daily rates in the market have remained strong and have improved over time, which is one indication that lodging demand exceeds supply. The seasonality of the local hotel market has also "flattened" recently with off-season occupancy rates improving.

The local hotel market maintained an overall occupancy rate of approximately 67% in 2014 and the annual average daily rate has continued to increase. Average daily rates have also experienced considerable gains over the past four years according to Transient Occupancy Tax reports produced by the City of Calistoga.

Summary of Key Findings Drawn from Market Study

- Limited availability of blocks of hotel rooms in the market area will make it challenging to attract larger business group meetings and conferences to the Upper Napa Valley, including Calistoga;

- As occupancy and average daily rates increase, affordability and hotel room capacity will be the main constraints on attracting demand for meeting/conference space;

- Leisure travel is the predominant room night demand generator throughout the Napa Valley, but particularly in the smaller Upper Valley communities, including Calistoga;

- The leisure, social, and corporate incentives market would support additional room night demand in Calistoga;

- Smaller, less price-sensitive business and association groups willing to pay high hotel rates will likely prefer to hold their events in the resorts rather than at the Fairgrounds, which currently lacks the high-end image and amenity package such groups prefer; and

- Hotel rooms and food and beverage service are the essential elements, rather than meeting/conference space per se, that could be expected to generate net revenue for the Napa County Fair Association.

Future Demand for Hotel Rooms

The largest hotel in Calistoga, the Indian Springs Resort & Spa, located along the Downtown core on Lincoln Street, has more than 30 acres of adjacent vacant land for future potential expansion. The GG+A Market Study indicates that plans have been drawn and the expansion could add event space in addition to hotel rooms – however future development is not likely to occur within the next few years.

Additionally, over the next two to three years, there are two planned resorts in Calistoga (the Four Seasons and Rosewood's "Calistoga Hills") which can be expected to add hotel rooms and event space, and cater to very high-end clientele with room night price points in the $600 to $1,000 range. In addition, in St. Helena, three city-owned properties are expected to be solicited for hotel and/or event-oriented developments in the near future.

The Meritage in Napa is planning to expand upon the largest current hotel and conference venue in the Napa Valley. Plans have been proposed for a vacant 9.3-acre parcel adjacent to the existing hotel that would add 134 rooms and a 10,000-square-foot exhibition center.

Main Considerations for the Association Board of Directors Based on Conclusions from GG+A Market Study

1. Include lodging development coupled with an appropriate level of meeting/conference space into the future of the Fairgrounds as a potential use.

2. If lodging is included, this would substantially reduce the amount of land available for other uses on the Fairgrounds requiring the demise, diminishment or refinement of those activities associated with that land use.

3. If lodging is included, this would require input and cooperation between the City and County. As a result, this could prove to be highly challenging.

H. Government, Civic and Recreation Uses

Napa County

In 2008, Napa County prepared a Facilities Space Needs Analysis that addressed existing and projected administrative and program service space needs. The Analysis indicates that as a public agency a foremost goal of the County is to effectively and efficiently provide high quality public service to its constituents. Factors such as location, branding and wayfinding, layout and access affect the constituent's ability to get the services they need from the County.

One of the stated Public Service goals was to "Plan for future service locations in more areas of the County, for example American Canyon and North County".

The Fairgrounds was used last year as an emergency response center for the Lake County fire. Fairgrounds in California are typically used for emergency response purposes if it is appropriately sized and is geographically located in an area that could serve such emergency response uses. The Fairgrounds serves as an emergency response shelter for the County and surrounding communities because of the multi-use buildings and ample open space. Though it is not included as its own section, emergency response planning should be part of any subsequent master planning process.

City of Calistoga

Currently, the City of Calistoga leases approximately 1,000 square feet of shared space from the Association in their Administration Office (inside the Tubbs Building) on the Fairgrounds for the City Recreation Services Division staff. The City pays the Association $800 per month which includes rent for the space and all utilities except telephone and internet services.

City representatives have indicated that the City has a need for additional office space, and would be open to discussions of a civic center type development on the Fairgrounds. Uses could complement the existing City aquatics center and Boys/Girls Club facility being developed on City-owned property immediately west of the Fairgrounds.

Calistoga Joint Union School District (District)

The District currently operates on a yearly contract with the Fairgrounds, and uses the Fairgrounds facilities approximately eight to ten times per year. The District's high school football and soccer (some) games are played on the infield area of the Speedway, and the Speedway is used for high school graduation ceremonies.

Some of the issues or concerns related to the District's ongoing use of the Fairgrounds for these activities (and/or other activities) include: 1) since the Speedway infield is used for the golf course driving range athletes have issues with depressed golf balls and hidden sprinkler heads in the grass area; 2) there is not an ADA path of travel to/from the Speedway so physically disabled

spectators have difficulty reaching the infield; and 3) there is no paved parking or adequate exterior site lighting in that area of the Fairgrounds. In addition, for graduation ceremonies there is no platform or stage for graduates to stand on in front of the grandstands.

During the stakeholder interview the District indicated that it would be open to participating in an agriculture and viticulture education program at the Fairgrounds, even possibly being a financial partner. The District representatives indicated that the Association might approach other school districts in Napa County, and consider pursuing a partnership with local wineries for a program that has students growing grapes for sale to the participating wineries.

Main Considerations for the Association Board of Directors

1. Continuation of existing, and/or additional government, civic and/or recreational uses could be accommodated on the Fairgrounds most likely through establishment of ongoing institutional partnerships with the County, City and/or District. Such uses and activities might focus on delivery of program services and education programs.

2. Government, civic and/or recreational uses could assist in the financing of either redevelopment of any existing Fairgrounds event facility, development of a new event building and/or improvement of existing exterior use space by potentially bringing funding from the County, City and/or District. An appropriate level of financing participation might be possible in accordance with the extent of any proposed County, City and/or District uses; and could come in the form of either direct capital financing related to development of such space or the form of annual revenue through a lease arrangement with the Association.

3. In order to further address this issue the Association should conduct further discussions with the appropriate County, City and District representatives to determine if there is an interest by either, both, or all of those entities in pursuing continuation of existing and establishment of additional new institutional partnerships for government, civic and/or recreation uses that could serve the residents of Calistoga and the Upper Napa Valley.

I. Governance and Organizational Structure

Current Governance and Organizational Structure

The Napa County Fairgrounds is currently operated and managed by the Napa County Fair Association ("NCFA") under a contract between the NCFA and Napa County to manage the fairgrounds, host the Annual Fair, and all things incidental to performing these duties. NCFA is a non-profit and non-stock corporation and is classified as a 501(c)(3) charitable organization.

NCFA is governed by a Board of Directors that currently consists of nine members; six of which are elected by the overall Association membership and three appointed by the Napa County Board of Supervisors. The current NCFA by-laws allow for the Board of Directors to increase to a maximum total of 15 members. NCFA Board members serve three-year terms. NCFA is supported by a full-time staff that includes one Chief Executive Officer, one administrative staff position and two maintenance staff positions.

Existing Napa County and NCFA Operating Agreement

The existing operating agreement between Napa County and NCFA was entered into on October 1, 2013 and expires on December 31, 2018 (Operating Agreement). Under the Operating Agreement, the Association is obligated to hold and conduct the Annual Fair and manage, use, possess and operate the Fairground with the purpose and goal of providing year-round uses that foster diverse education and entertainment for the residents of Napa County and surrounding areas. The Association is also responsible for properly maintaining and repairing all Fairground facilities, capital improvements to the Fairgrounds property, as well as all expenses and obligations incurred in connection with the Fair and all other activities conducted on the Fairgrounds.

The current Operating Agreement has a five-year term. In addition, Section 2 of the Operating Agreement includes provisions that Napa County may terminate the Operating Agreement for any reason and at any time by giving ninety (90) days written notice of such termination. Furthermore, Section 8 of the Operating Agreement requires that any contract for the purchase or sale of goods and services, or the licensing of real property, or any finance agreement made by the Association that has a term in excess of the then remaining term of the Operating Agreement requires the written approval of the Napa County Board of Supervisors.

All of these provisions are major factors affecting the ability of the Association to effectively carry out long-term plans for improvement of the Fairgrounds.

Main Considerations for the Association Board of Directors

As the plans for the immediate, near-term, and long-term future of the Fairgrounds proceed, an important area of consideration is how best to govern the property.

Based on the Consulting Team's outreach to Napa County, NCFA Board of Directors, and various community stakeholders, there appears to be an interest in addressing this issue of governance and operating structure in relation to identifying and implementing a framework that could:

- Manage the County-owned asset in a manner that provides for the best level of accountability to the County and community at large;
- Carry out approved long-term plans for improvement of the Fairgrounds; and
- Achieve the desired long-term program and financial stability of the Fairgrounds.

Existing Napa County and NCFA Operating Agreement – As discussed above, the five-year term of the Operating Agreement is probably the most significant impediment in attracting capital investment in the Fairgrounds in that any public or private debt financing associated with any proposed improvements technically could not exceed a five-year period. This is particularly relevant to any potential private investment because a private operator/investor will typically need sufficient time to recapture its financial investment. Private or public capital investment would likely require more than a five-year term to recapture the investment and appropriate return-on-investment.

Consideration could be given to revising the term provisions of the Operating Agreement that would allow for a longer term related to the periods of time needed to secure certain public and/or private debt financing and/or private investment to finance various proposed physical and programmatic improvements to the Fairgrounds.

Role of City of Calistoga – In addition to Napa County and NCFA, the City of Calistoga has a vested interest in the long-term future of the Fairgrounds since the property is located within the incorporated area of Calistoga.

Consideration could be given to having the City play a role in the governance and operation of the Fairgrounds should the City wish to either invest in, participate with, or jointly operate any facility or program on the Fairgrounds site.

The purpose of this type of arrangement would be for Napa County and City of Calistoga to jointly oversee use, management, operation and improvement of the Fairgrounds that could take the form of a use and operating agreement, joint powers authority, or other similar structure.

J. Finance and Outlay

There are various public, private and public-private financing mechanisms that could potentially be available to the Association for financing of proposed improvements to the Fairgrounds. Examples of some of these financing mechanisms are briefly described below, and some might involve Napa County and/or City of Calistoga in addition to the Association. The following summary is merely intended to provide examples of financing mechanisms, and is not intended to provide a comprehensive listing of such mechanisms.

Examples of Public Financing Mechanisms

Annual Capital Improvements Program – An annual fairgrounds operating budget typically includes an allocation of funding for capital improvements and preventive maintenance items. Based on current 2016 Association operating budget, it appears that the budget does not include specifically earmarked expenditures for capital improvements – however, it appears that the 2016 operating budget does include approximately $212,500 for maintenance/general repairs and equipment. If the Association is able to create an annual capital improvements program with revenue over and above the annual operating expenditures, then the Association might be able to use such funding either on an annual pay-as-you-go cash basis or to leverage borrowed funding as a dedicated annual revenue stream (if there are assurance that a particular amount of annual operating revenue will be available each year during the borrowing term to make payments to a lender).

Certificates of Participation (COP) – Certificates of Participation ("COPs") provide long-term financing for public improvements via a lease or installment sales structure. COPs permit the acquisition or construction of specific equipment, land, or facilities through the incurrence of debt, and do not require a local election. The structure of COPs are actually an efficient and straightforward method of securing tax-exempt financing for public facilities by taking advantage of an available stream of revenues. The principal parties to a COPs financing could include a public agency, a non-profit corporation, and a trustee. The non-profit organization may be formed specifically to construct necessary improvements with the funds generated from the proceeds of the COPs sale or could be an existing agency, such as a joint powers authority, or an economic development corporation.

Examples of Federal and State Grant or Loan Programs

USDA Community Facilities Direct Loan & Grant Program – The United States Department of Agriculture (USDA) program provides affordable funding to develop essential community facilities defined as essential service to the local community for the orderly development of a community in a primarily rural area. Eligible borrowers include public bodies, community based non-profit organizations, and federally recognized Indian tribes. Low interest direct loan and/or grant funding can be provided to rural areas (defined as less than 20,000 residents) for various essential community facilities including, for example, public facilities, community support

services (including community centers and fairgrounds), education services, utility services, and food systems (including community gardens, community kitchens).

CFSA Loan Program – The California Fairs Services Authority (CSFA) program provides direct loans to California fairs for a variety of uses including, for example, purchasing/leasing of equipment, public capital repair project, public capital improvement project (including new construction), refinancing of public capital improvement projects or purchase/lease of equipment. Eligible borrowers include District Agricultural Associations (DAAs) or a department of county or other public entity (including county government fairs) within California. The CFSA Loan Program currently offers approximately $1.25 million in funding which comes from CFSA's General Liability and/or Workers Compensation Pool Program.

Infrastructure State Revolving Fund (ISRF) Program (I-Bank) – The ISRF is a source of low-cost, long term infrastructure financing available to local government entities from the California Economic Development and Infrastructure Bank. Funding is available to finance a variety of public infrastructure projects including streets /roadways; water treatment and distribution; drainage, water supply and flood control; power and communication facilities; solid waste collection/disposal; environmental mitigation measures; and parks/recreation facilities. Eligible applicants include cities, counties, special districts, assessment districts, and joint powers authorities.

<u>Examples of Public-Private Financing Mechanisms</u>

Sponsorships – A substantial amount of capital might be raised through sponsorships of specific buildings or facilities on either the existing or potential new fairgrounds sites such as exhibition buildings, pavilions, arenas, etc. This is achieved by selling or leasing the name of a facility to a private company. The current trend is such that private companies are typically providing capital related to such sponsorships on an annual basis for an established period of time instead of providing the capital upfront. Typically, such sponsorships will be for terms of at least ten years or longer related to the projected economic life of the subject building or facility.

Private Development Partnership – An approach that has been used by several existing fairs in California is the sale or lease of certain areas within the fairgrounds property for private non-Fair development. The objective of this approach is to use the property not needed for annual fair or non-fair event activities for private development that will generate net new revenue (sale proceeds or annual lease payments) to the subject fair organization. This net new revenue could be used to help fund physical, programmatic and operational improvements to the remaining fairgrounds core area. An example of this approach is the Madera District Fair which leased 28 acres of its fairgrounds site area on a long-term lease basis to a private developer for development of a regional commercial retail center that now generates approximately $1 million a year in net new annual revenue to the 21st District Agricultural Association.

Main Considerations for the Association

As the plans for the immediate, near-term, and long-term future of the Fairgrounds proceed, an important area of consideration will be the financing of such improvements. The eventual master plan for Fairgrounds improvements should include a financing strategy related to the funding of at least the planned near-term improvements.

Any proposed financing mechanism(s) must be financially feasible and provide the most cost-effective method available for financing Fairground improvements, including the demonstrated ability to service the annual debt service requirements under prudent forecasts. Any proposed financing mechanism must be acceptable to all political interests with decision-making influence over the Fairgrounds.

VIII. CONCEPTS FOR SITE UTILIZATION

Observations by the Consultant Team of the Fairgrounds during the Fair and non-fair usage suggests that many of the basic features of the existing layout do not function effectively, particularly the location of key facilities around the Speedway area. It is believed that there is a need to consider a re-planning of the grounds. With that said, there are certain improvements and renovations that could drastically improve the functionality of the Fairgrounds. There is a major need for improved parking, improved common area surfaces, aesthetic upgrading along street frontages, and renovations or replacement of key buildings.

The purpose of this Fairgrounds Assessment is to provide the NCFA with objective information and professional insight to help in determining future uses and improvements on the Fairgrounds. Critical issues and opportunities that are believed to currently exist have been discussed in previous chapters. The subsequent chapters will present schematic plans and preliminary information regarding implications of changes made to the Fairgrounds. Each alternative plan is uniquely different from the other, and each would have different physical, financial, and political effects on the character of the Fairgrounds.

A. Considerations Related to Future Use of the Fairgrounds

While the Fairgrounds itself is a relatively large piece of property, there are several large uses that compete for space and priority, and as a result there are major constraints to expanding existing uses or introducing new uses.

During the workshop completed with the NCF Association Board of Directors, the Fairgrounds was characterized as a “sacred place.” That is because the Fairgrounds is a place for the community to gather and celebrate. Consideration should be given to the following list uses that further the underlying purpose of the Fairgrounds:

- Uses that complement the Annual Fair and other uses on the Fairgrounds;
- Uses that exhibit the finest constitution of the County of Napa and City of Calistoga;
- Uses that serve the greater public;
- Uses that serve as a place for learning and education;
- Uses that serve as a place for entertainment; and
- Uses that maintain flexible open space areas for a multitude of uses.

B. Assumptions Related to Future Design and Improvements of the Fairgrounds

During the planning process it was discovered that there is a considerable demand for quality interior and exterior event space. Discussions with stakeholders and users revealed a need for more quality meeting space and improved common area. It was believed that if improved spaces were made available, that more public and private events could be organized and held at the Fairgrounds.

This Assessment maintains the goal of creating improved events space on the Fairgrounds. The assumptions related to existing uses in any potential future usage of the Fairgrounds property include the following:

- The Fairgrounds will include public access to the property;
- The Fairgrounds will continue to utilize City reclaimed water;
- The Fairgrounds will continue to be available to serve as the site of the annual Fair;
- A portion of the Fairgrounds will continue to be used as a public golf course;
- A portion of the Fairgrounds will continue to serve as a Recreational Vehicle park;
- The speedway will continue to operate on the Fairgrounds until such time that it becomes financially infeasible;
- The Fairgrounds will not be developed with any single use, rather a variety of uses that complement one another and the annual Fair should be considered; and
- While the Association is a non-profit organization, the Fairgrounds needs to earn a positive income so that capital can be reinvested back into the property and facilities.

C. Assumptions Related to the Annual Fair

RCH attended the 2015 Annual Fair to see how the facilities and property were used during fair time. The observations and analysis resulted in the following conclusions:

- Approximately 20 acres of the 70 acre Fairgrounds property is used during the Annual Fair, including 2.5 acres for core events, 3.0 acres for the carnival, and 5.5 acres for parking. It was determined that given existing constraints, the Fairgrounds was underutilized, and that the Fair could be expanded;
- During the Fair approximately 5.5 acres was used for parking. For the most part, the general public parked in the surrounding neighborhoods and walked to the Fairgrounds.

Unless the Annual Fair grows substantially in future years, there is not a need for a large amount of improved parking on the Fairgrounds;

- During the 2015 Fair the ticket booth and entry into the Fairgrounds was accessed through the front of the Tubbs Building, which was the only key building that was accessible by the public. Both the interior and exterior of the building was utilized to its maximum capacity, however there were still exhibits and vendors that were placed outdoors. It is an assumption of this report that there is a need for additional exhibit and vendor space during the Annual Fair.

D. Assumptions Related to the Future Development of the Fairgrounds

A majority of the uses described in this Assessment has the ability to be funded through several ways. This Assessment does not identify development partnerships or opportunities for a capital campaign, nor has the Consultant Team performed outreach to this degree. It is essential at this point in the design process that all investment opportunities be considered valid.

During the outreach and stakeholder meetings conducted by the Consultant Team it was apparent that the Fairgrounds is considered to be a valuable asset to the City, County, local community and social groups. It was also discovered that there is tremendous support for the Fairgrounds. As the Association works through creating and implementing a business plan and master plan all forms of financial and political partnerships should be considered. It should also be noted that both public and private investment would look to generate a positive revenue.

There are several likely candidates for partnerships as the Fairgrounds is owned by the County of Napa, is within the City of Calistoga limits, and has been a mainstay of the community for several decades. As the process moves forward it will be prudent to consider all aspects, and the Fairgrounds must find a balance between the goals of the County, City, and private market.

IX. ALTERNATIVE SCHEMATIC PLANS

The information presented below is based on a review of existing available data, research into comparative projects prepared by others, and stakeholder meetings conducted by the Consultant Team. The information is intended for use by the Association to help understand planning options relative to the renewal of the Fairgrounds property. The information is not intended to establish project level details for any of the specific land uses identified by this Assessment. In-depth market and/or feasibility analyses should be completed to fully understand the economic potential of the uses described below. Additionally, no singular alternative or schematic option is intended to be selected as a master plan. Rather, the schematic options will provide the Association with information relative to a future strategic business plan.

Four schematic concept plans have been developed, and are intended to illustrate how various land use components could be positioned on the Fairgrounds. Common to all of the schematic concept plans was the need to provide a stand-alone project that had its own brand and appeal rather than be seen as an adjunct to the existing facilities. All concepts utilize North Oak Street as a main entry with a road (or thematic thread) extending into the middle of the site and terminating at a large common open space feature surrounded by multi-use buildings, which in effect will create a new core zone. Also a common element of all of the schematic concept alternatives were improvements to the edge conditions of the Fairgrounds, and in particular its interaction with surrounding neighborhoods.

All other components of the four schematic concept alternatives provide variations on a theme showing either greater or lesser amounts of the Fair, an RV park, a civic center, golf course, and multi-use open space. Programmatically, it is assumed that other uses such as entertainment, conventions and meetings, farmers markets, demonstration areas, etc. could fit into the flexible structural framework embodied in the alternative schematic conceptual plans prepared for the Fairgrounds.

Some of the land uses studied in this Assessment are unique or niche industries that are more operator than market driven. It would be incumbent upon the Fairgrounds to create a special user experience that draws from a larger market than just the primary market area. Such operator driven uses and activities work well with the requirements of the annual Fair, however a more detailed market analysis should be conducted to assure that the market demand would support these uses.

Summary of Schematic Concept Plan Options	Option A		Option B		Option C		Option C-1		Option D	
DEVELOPMENT PROGRAM	**Acres**	**%**	**Acres**	**%**	**Acres**	**%**	**Acres**	**%**	**Acres**	**%**
Events Center	13.1	19%	16.3	23%	14.9	21%	14.9	21%	22.6	32%
Golf Course	35.0	50%	25.2	36%	29.6	42%	34.5	49%	32.0	46%
RV Park	5.5	8%	8.9	13%	6.6	9%	6.6	9%	5.5	8%
Speedway	16.4	23%	16.4	23%	16.4	23%	0.0	0%	0.0	0%
Ag Ed / Farm	0.0	0%	3.2	5%	2.5	4%	4.5	6%	4.2	6%
Specialty Retail	0.0	0%	0.0	0%	0.0	0%	0.0	0%	5.7	8%
Lodging	0.0	0%	0.0	0%	0.0	0%	9.5	14%	0.0	0%
Total	70.0	100%	70.0	100%	70.0	100%	70.0	100%	70.0	100%

Table 3. Summary of Schematic Concept Plans

A. Schematic Concept Plan A

This alternative envisions that minimal improvements or changes would be made to the layout of the Fairgrounds, and does not embrace a wholesale re-planning approach. Rather, this alternative seeks to find and implement improvements to existing facilities that could allow the Fairgrounds to operate with existing facilities and also create greater appeal.

A summary of envisioned improvements includes the following:

Events Center

In this alternative the Events Center layout remains the same. The Cropp Building and Butler Pavilion are envisioned to remain without improvements. A new marquee or monument is placed in front of the Cropp Building that would announce arrival to the Napa County Fairgrounds. The Great Lawn is envisioned to remain, however it is suggested that it be bordered by improved hardscape / road that defines its border and allows for guided pedestrian and vehicular entry and access though this portion of the Fairgrounds.

A secondary road is shown as a Phase II project, or subsequent improvement in the direction of the Pavilion. It is envisioned that in a later phase that walls be added to the Pavilion structure so that it might serve as a useable / leasable building. It is envisioned that this would include a small turf / lawn area contiguous to the building for use during the Annual Fair.

The Tubbs Building is envisioned to undergo a major renovation that includes updates to all aspects of the building, including: floors, ceiling, lighting, audio and visual, and restrooms. It is also envisioned that an improved hardscape with trees, seating and outdoor lighting would be included at the north and west of the building. This hardscape area would be accessed by new exterior doors to the Tubbs Building that would allow unrestricted indoor / outdoor pedestrian flow.

Speedway

In this alternative the Speedway remains in the same layout, however upgrades to the restroom and food service area should be included. Because the Speedway generates limited revenue and includes a large amount of underground and aboveground infrastructure, it does not make financial sense to invest capital into this facility unless a health and safety issue were to arise.

RV Park

In this alternative it is envisioned that the RV Park remain the same with no improvements to the layout or infrastructure. Rather it is suggested that a “pocket park” be added specifically for use by the RV Park, and that the Tucker Room be demolished and replaced with a dual use building intended to serve the golf course and the RV Park. The suggested building includes approximately 4,000 sf for restrooms, showers and lockers; 2,000 sf for a game room; and 2,500 for a restaurant

and general store. It is believed that if these improvements were made to the RV Park, it could see an increase in revenue by way of increased rental rates and by the sale of food and beverages.

Golf Couse

In this alternative the golf course layout effectively remains the same. It is envisioned that improvements would be made to the fairways, greens and trees. The suggested building that would replace the Tucker Room includes a 2,000 sf club house and use of the restrooms, restaurant and general store where patrons could purchase food and beer. It is believed that if this improvement were made the golf course could see an increase in revenue by way of increased green fees and sale of food and beverage. It is however likely that the increased costs of maintenance would offset the additional revenues.

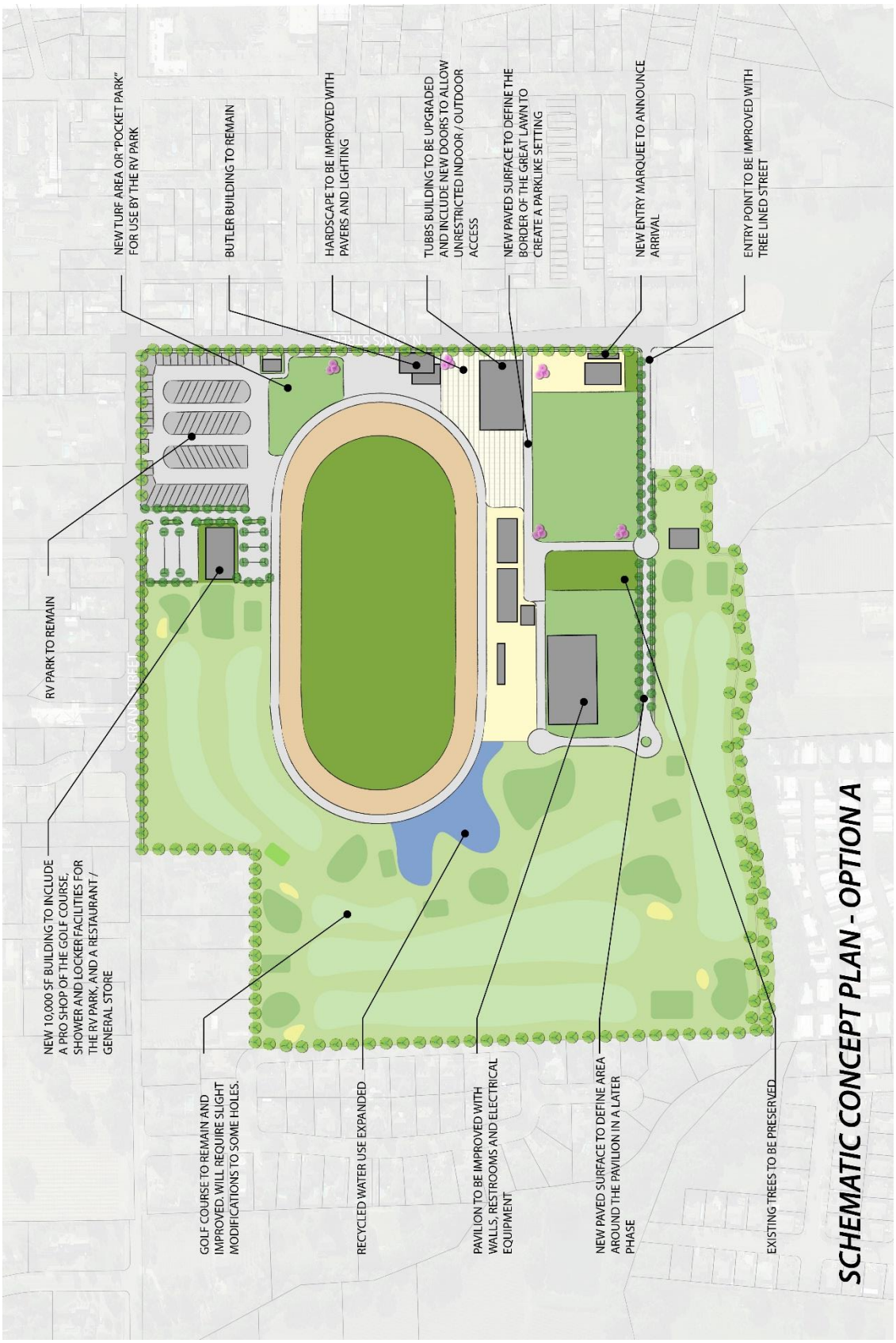


Figure 8. Schematic Concept Plan – Option A

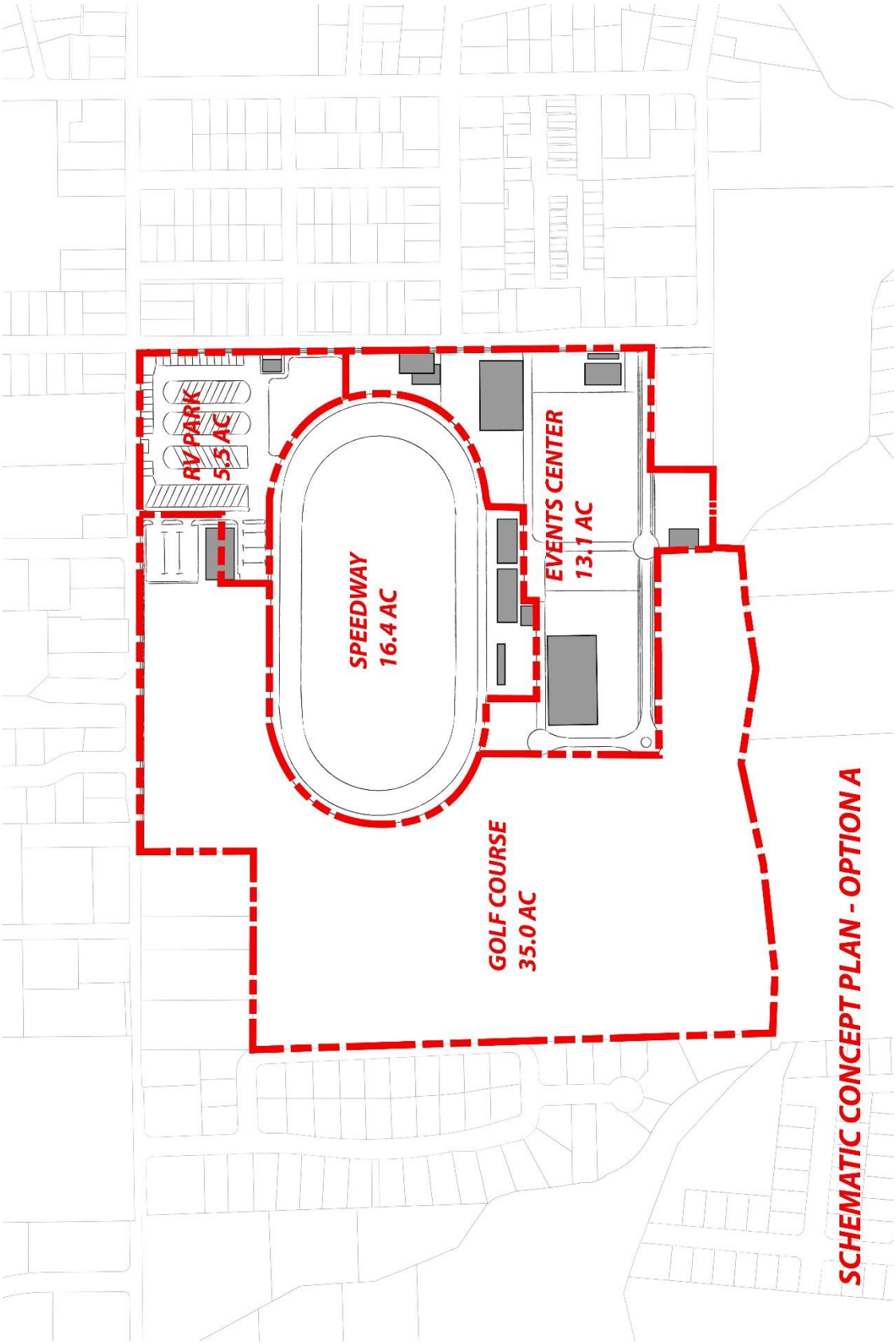


Figure 9. Schematic Concept Plan – Option A Land Use Summary

B. Schematic Concept Plan B

This alternative envisions a re-planning of a majority of the property and existing uses. The facilities that are envisioned to remain are the RV Park, Tubbs Building, and the Speedway. It is the intent that this alternative introduce new and/or expanded uses on the Fairgrounds so that Association may appeal to a greater demographic, may bring greater social benefit to the primary market area, and may generate additional revenue for the NCF Association.

A summary of envisioned improvements includes the following:

Events Center

In this alternative the Events Center becomes redefined with new facilities and infrastructure. The main problem with the existing layout is that many of the key facilities are located within a close proximity to the Speedway, which in turn creates a funneling effect of pedestrians. By moving the focus of the facilities away from the Speedway, and clustering them around the Great Lawn, the flow and emphasis of activities will be concentrated around a grass area which would act as a central park.

Two access points are shown on this plan. It is the intent that the road near the Boys and Girls Club would act as the primary entry, and the road near the Tubbs Building would act as a secondary entry. It is envisioned that the main access road be improved with trees lining either side, travel through and under a portico of a new multi-use building, and terminate at a working farm. The secondary access road would not be as wide, but would also need to be improved. These improvements would also create a hard line for the Great Lawn, thus creating borders and a true park like setting.

The Tubbs Building is envisioned to undergo a major renovation that includes updates to all aspects of the building, including: floors, ceiling, lighting, audio and visual, and restrooms. It is also envisioned that an improved hardscape with trees, seating and outdoor lighting would be included at the north and west end of the building. This hardscape area would be accessed by new exterior doors to the Tubbs Building that would allow unrestricted indoor / outdoor pedestrian flow.

A new multi-use building is envisioned at the west end of the Great Lawn, which would also include an improved parking area. This building would be a 26,000 sf building with a 15,000 sf net exhibit space that could be divided into two rooms. The purpose for creating this building would be to introduce a variety of different building sizes. The Tubbs building provides approximately 8,000 sf of exhibit space; a small 6,000 sf exhibit space is proposed to take the place of the Butler Pavilion; and a civic center is proposed which includes a 1,500 sf net conference space. It is intended that the newly proposed large multi-use building be used for larger gatherings, but also for more formal gatherings (e.g: weddings). In addition to the 15,000 sf net leasable space, this building would include 2,500 sf of restrooms, a 3,000 sf commercial kitchen, 3,000 sf for storage, and 2,500 sf of suites for bridal parties. This facility would also

consist of two outdoor patio areas, and overlook a working farm so that users may enjoy an indoor or outdoor experience.

Another 10,500 sf multi-purpose building is proposed with 6,000 sf of new exhibit space. The exhibit space is intended to be broken up into two 3,000 sf rooms. One of the rooms would replace the Cropp Building as a long-term leasable art space, and the other room would replace the Tucker Room as an exhibit space. Also included in this building would be a 3,000 sf shop and maintenance room, and 1,500 sf for restrooms.

Lastly, a 16,000 sf civic center building is proposed near the front of the Fairgrounds. The location near N. Oak Street was chosen because the building is envisioned to be used every day by City and County employees. The building is proposed to include 7,500 sf of office space with 500 sf for a reception; 2,500 sf of restrooms; a 1,500 sf conference room; 1,500 sf of storage and maintenance; and 2,500 sf of miscellaneous leasable space which could be leased to either public or private users. During the stakeholder meetings it was discovered that there is a need for leasable office space by public employees, however the use of this building would need to be verified during further discussions with the City and County.

Speedway / Lodging Facility

In this alternative the Speedway remains the same, except for access points onto the Speedway from the north and upgrades to the restroom and food service area are envisioned. Because the Speedway includes a large amount of underground and aboveground infrastructure, it does not make financial sense to invest capital into this facility unless a health and safety issue were to arise.

RV Park

In this alternative it is envisioned that the RV Park would be expanded to the west, and that a small / medium size turf area would be added as an amenity. The new RV Spaces that are proposed would be an upgrade to what currently exists today. The spaces would include turf on either side, and would include upgraded sewer and power capabilities. It is believed that the Association could charge a premium for these spaces thus capturing additional revenue. In addition, it is proposed that the Tucker Room be demolished and replaced with a dual use building intended to serve the golf course and the RV Park. The suggested building includes approximately 4,000 sf for restrooms, showers and lockers; 2,000 sf for a game room; and 2,500 for a restaurant and general store. It is believed that if this improvement were made the RV Park could see an increase in revenue by way of increased rental rates and by the sale of food and beverages.

Golf Couse

In this alternative the golf course would be reduced and redesigned. The total acreage would change from approximately 35 acres to 25.2 acres. The course would require substantial improvements, and would in effect be a more strategic course. The total yardage of the course would change from 2,759 yards to approximately 1,900 yards and would include more bunkers and challenging holes. It is also envisioned that the Tucker Room would be demolished and replaced by a new building that would include a 2,000 sf club house, use of the restrooms and restaurant and general store that is intended to serve food and beer.

Working Farm

This alternative includes a working farm. The idea behind a farm at the Fairgrounds is that the County Fair could showcase the rich agricultural heritage of the County, not so much in the traditional sense through showings and competitions, but as an economic driver and partner in ongoing activities such as viticulture, the farm to fork movement, and local culinary/hospitality efforts. The opportunity to incorporate a farm facility into the Fairgrounds requires the repurposing of land. The proposed farm includes 3.2 acres of farm with a barn and learning center. This area could be used for both educational opportunities, but also as an exhibit space. When not being used for farm or learning activities, the barn could in effect be used as a leasable space to small / private parties. It is believed that this program could increase the total revenue produced by the Fairgrounds, and at the same time provide a great amenity to the community.

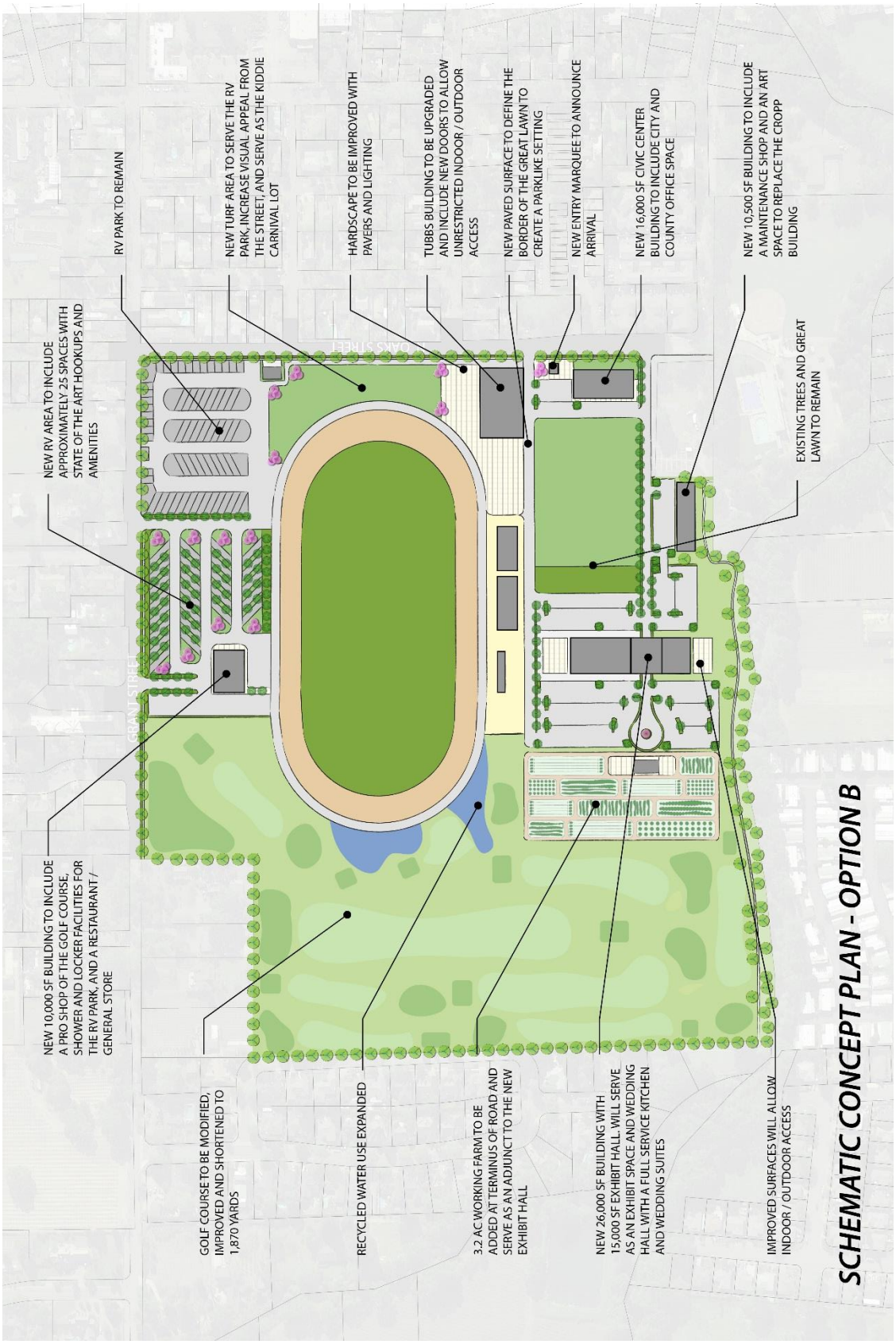


Figure 10. Schematic Concept Plan – Option B

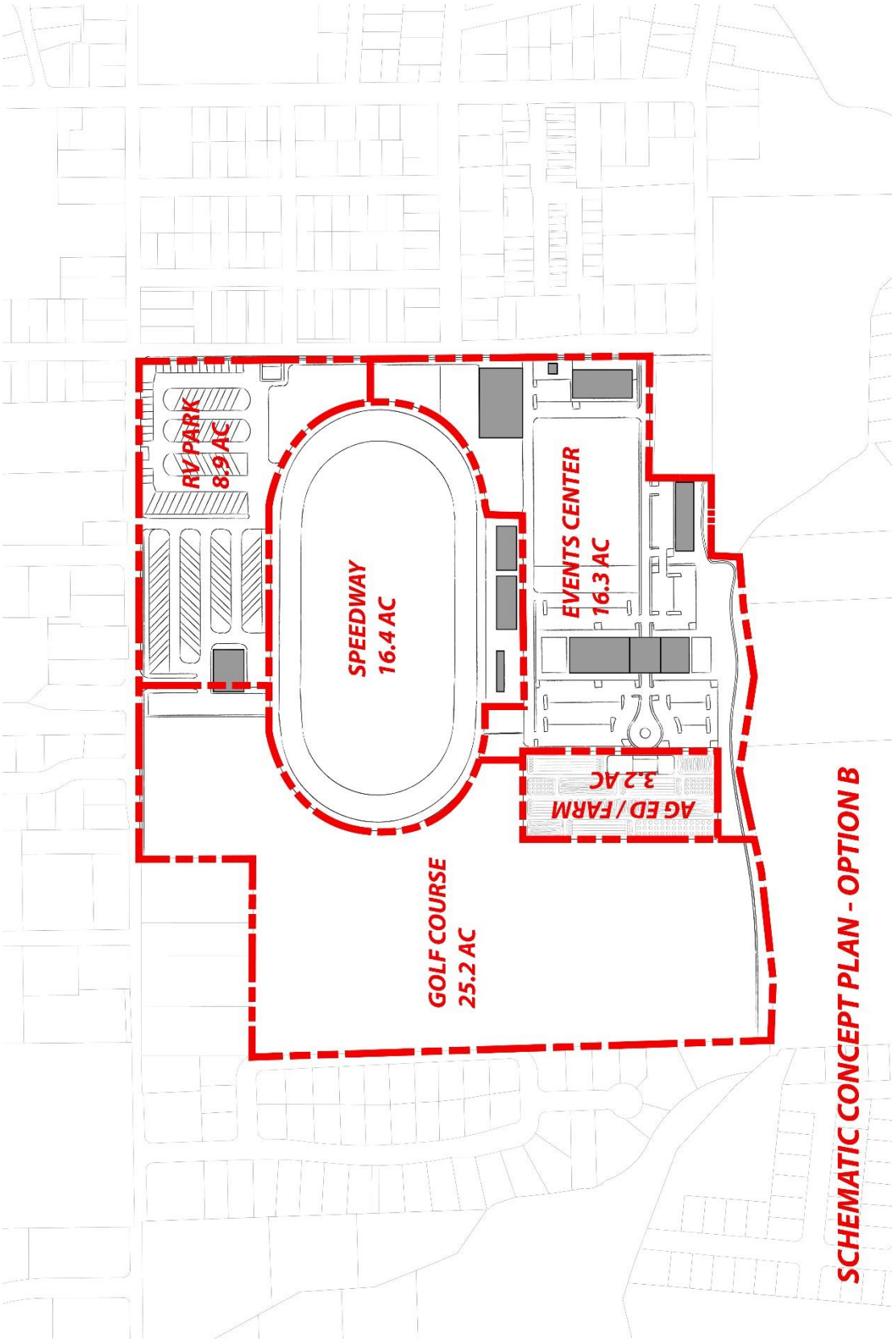


Figure 11. Schematic Concept Plan – Option B Land Use Summary

C. Schematic Concept Plan C

This alternative envisions a re-planning of a majority of the property. The facilities that are envisioned to remain are the Tubbs Building and the Speedway (which also includes an overlay of a lodging facility). It is the intent that this alternative introduce new and/or expanded uses on the Fairgrounds so that Association may appeal to a greater demographic, may bring greater social benefit to the primary market area, and may generate additional revenue for the NCF Association.

A summary of envisioned improvements includes the following:

Events Center

In this alternative the Events Center becomes redefined with new facilities and infrastructure. The main problem with the existing layout is that many of the key facilities are located within a close proximity to the Speedway, which in turn creates a funneling effect of pedestrians. In this alternative several new buildings are introduced as are improved surfaces and lawn areas. It is the intent that the improved surfaces and lawn areas act as an adjunct to the proposed buildings to allow a successful indoor / outdoor experience.

Two access points are shown on this plan. It is the intent that the road near the Boys and Girls Club would act as the primary entry, and the road near the Tubbs Building would act as a secondary entry. It is envisioned that the main access road be improved with trees lining either side and terminate at a new Great Lawn and relocated RV Park. The secondary access road would not be as wide, but would also need to be improved. These improvements would also create a hard line for any turf or improved surfaces, and would help define areas of the Fairgrounds and circulation throughout.

The Tubbs Building is envisioned to undergo a major renovation that includes updates to all aspects of the building, including: floors, ceiling, lighting, audio and visual, and restrooms. It is also envisioned that an improved hardscape with trees, seating and outdoor lighting would be included at the north and west of the building. This hardscape area would be accessed by new exterior doors to the Tubbs Building that would allow unrestricted indoor / outdoor pedestrian flow.

A new multi-use building is envisioned at the south side of the Speedway and would include an improved surface patio area and would overlook a new Great Lawn and the golf course. This building would be a 26,000 sf building with a 15,000 sf net exhibit space that could be divided into two rooms. The purpose for creating this building would be to introduce a variety of different building sizes. The Tubbs building provides approximately 8,000 sf; a small 5,000 sf exhibit space is proposed to take the place of the Butler Pavilion; and a civic center is proposed which includes a 1,500 sf net conference space. It is intended that this building be used for larger gatherings, and also for more formal gatherings. In addition to the 15,000 sf net leasable space, this building

would include 2,500 sf of restrooms, a 3,000 sf commercial kitchen, 3,000 sf for storage, and 2,500 sf of suites for bridal parties.

Another series of three buildings are proposed south of a large multi-purpose building. One building is proposed to be used exclusively for the RV Park; one building is intended to be the maintenance and shop building; and the other is proposed to be a small 6,000 sf building with 5,000 sf new exhibit space and 1,000 sf restroom facility – this building would replace the Butler Pavilion.

Lastly, a 22,000 sf civic center building is proposed near the front of the Fairgrounds. The location near N. Oak Street was chosen because the building is intended to be used every day by City and County employees. Included on the outside of this facility is a proposed monument that would announce arrival to the Fairgrounds. The Civic Center building is proposed to include 7,500 sf of office space with 500 sf for a reception; 2,500 sf of restrooms; a 1,500 sf conference room; 1,500 sf of storage and maintenance; and 2,500 sf of miscellaneous leasable space which could be leased to either public or private users. It is also proposed that this building include an indoor 6,000 sf amphitheater and performance stage that could be opened to the outdoors and expanded as necessary. This performance facility could be used by the local school district, as convention space, and by entertainers (ie: musicians, actors, etc.). In order for the amphitheater to be successful the NCF Association would need to actively manage use of this space and recruit entertainers.

Speedway

In this alternative the Speedway remains the same, except for added access points onto the Speedway from the north and upgrades to the restroom and food service area. Because the Speedway includes a large amount of underground and aboveground infrastructure, it does not make financial sense to invest capital into this facility unless a health and safety issue were to arise. As a secondary alternative to the Schematic Concept Plan B, a lodging facility / hotel is envisioned to take the place of the Speedway in the case that racing is not practicable in the future.

Lodging Facility

As a secondary option to this alternative is a lodging facility. It is envisioned that a lodging facility or hotel would replace the Speedway as a revenue generating land use. A demand for additional lodging rooms was identified in the Gruen report, thus it was identified in this Assessment as a possible land use for the Fairgrounds. This use on the Fairgrounds would be new for the Napa County Fairgrounds, however this is not an a-typical or unusual use for a fairgrounds. It may appear that this land use is not compatible with the Fairgrounds, however it is quite the contrary. Firstly, it is a land use that would financially support other uses, and allow the Association to make needed improvements elsewhere on the Fairgrounds. Secondly, a lodging facility would be very compatible with the events center, and would likely improve the desirability of the Fairgrounds as an events space.

RV Park

In this alternative the RV Park is relocated along the Napa River, and includes a club house and pocket park. The new RV spaces that are proposed would be an upgrade to what currently exists today. The spaces would include turf on either side, and would include upgraded sewer and power capabilities. It is believed that the Association could charge a premium for these spaces thus capturing additional revenue. It is also proposed that a building be constructed that serves the RV Park. The building would include approximately 4,000 sf for restrooms, showers and lockers; 2,000 sf for a game room with a small kitchen. It is believed that if this improvement were made the RV Park could see an increase in revenue by way of increased rental rates.

It has been mentioned several times that the area along the Napa River is a sensitive area and would require special permits from local, state, and federal agencies. This concern has been taken into consideration by the Consultant Team. It should be noted that the proposed RV Park in this alternative does meet the County, State and Federal setback standards. In addition, the RV Park does not expand the limit of development beyond that of the existing golf course. This is very important because the golf course has been previously cleared, grubbed and graded, which means it is unlikely that there are any sensitive features in this area.

Golf Couse

In this alternative the golf course would be redesigned and slightly reduced. The total acreage would change from 35.0 acres to 29.6 acres. The golf course redesign would require substantial improvements, and would create a better edge condition at the corner of N. Oak and Grant Street. The total yardage of the course would change from 2,759 yards to 2,200 yards.

It is also envisioned that the Tucker Room would be demolished and replaced by a new building that would include a 6,000 sf club house with restrooms and restaurant / general store that is intended to serve food and beer. It is believed that if this improvement were made the golf course could see an increase in revenue by way of increased green fees and sale of food and beverage. It is likely, however, that the increased costs of maintenance would offset any additional revenues.

Working Farm

This alternative includes a working farm at the front of the Fairgrounds that would showcase the long and unique agricultural history of the area. The opportunity to incorporate a farm facility into the Fairgrounds requires the repurposing of land. The proposed farm includes 2.5 acres of farm with a barn and learning center. This area could be used for both educational opportunities, but also as an exhibit space. When not being used for farm or learning activities, the barn could in effect be used as a leasable space to small / private parties. It is believed that this program could increase the total revenue produced by the Fairgrounds, and at the same time provide a great amenity to the community.

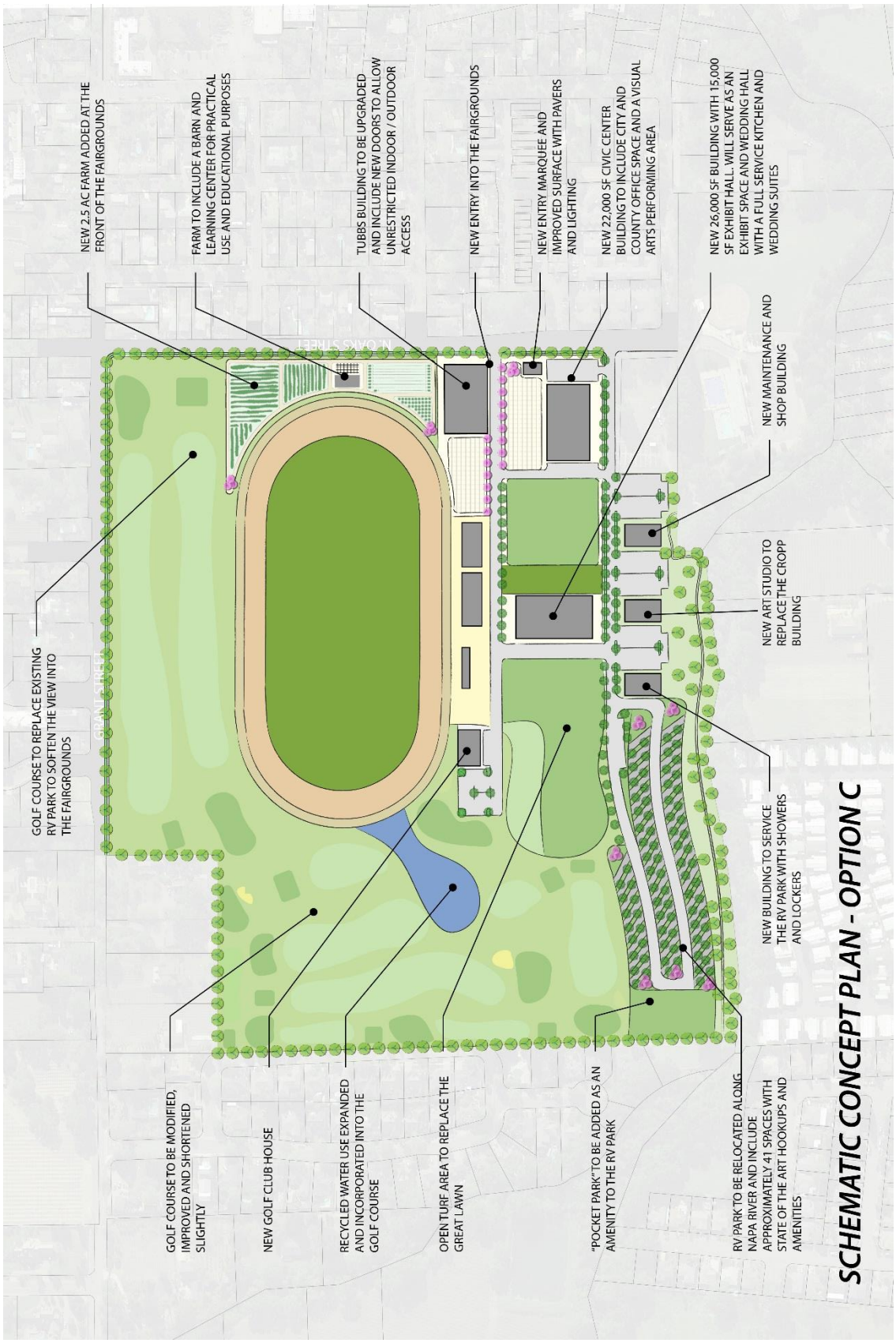


Figure 12. Schematic Concept Plan – Option C

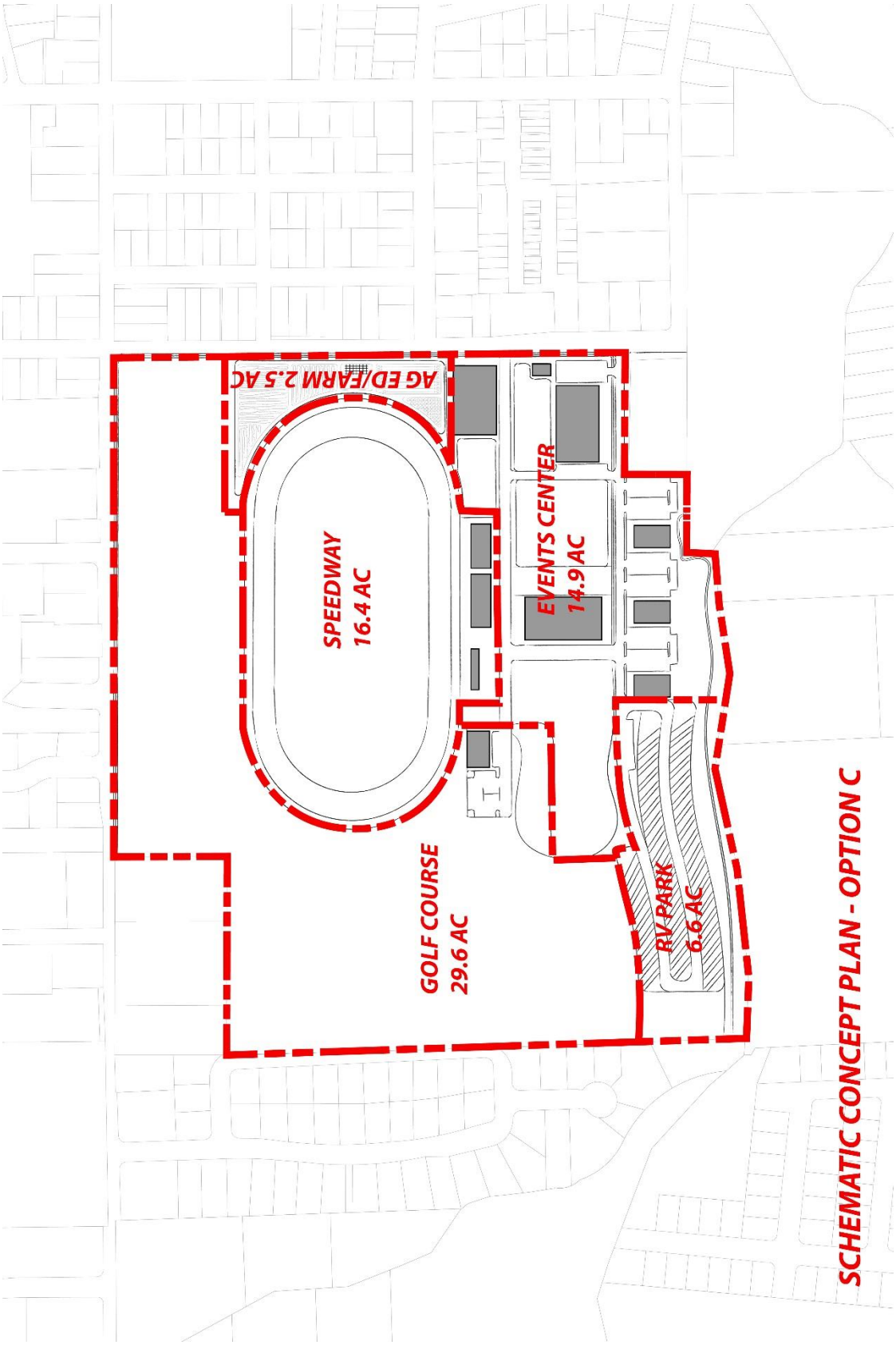


Figure 13. Schematic Concept Plan – Option C Land Use Summary

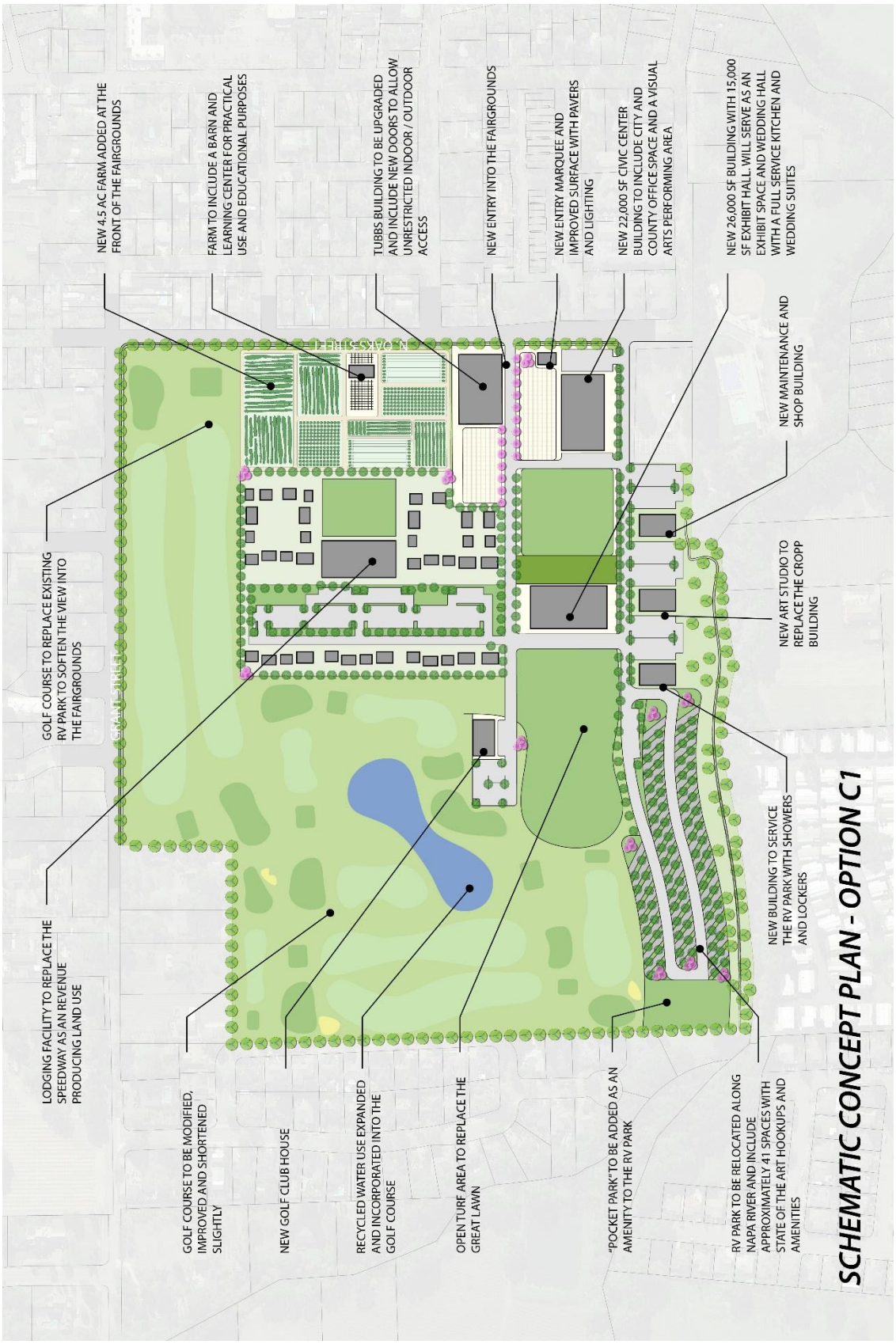


Figure 14. Schematic Concept Plan – Option C1

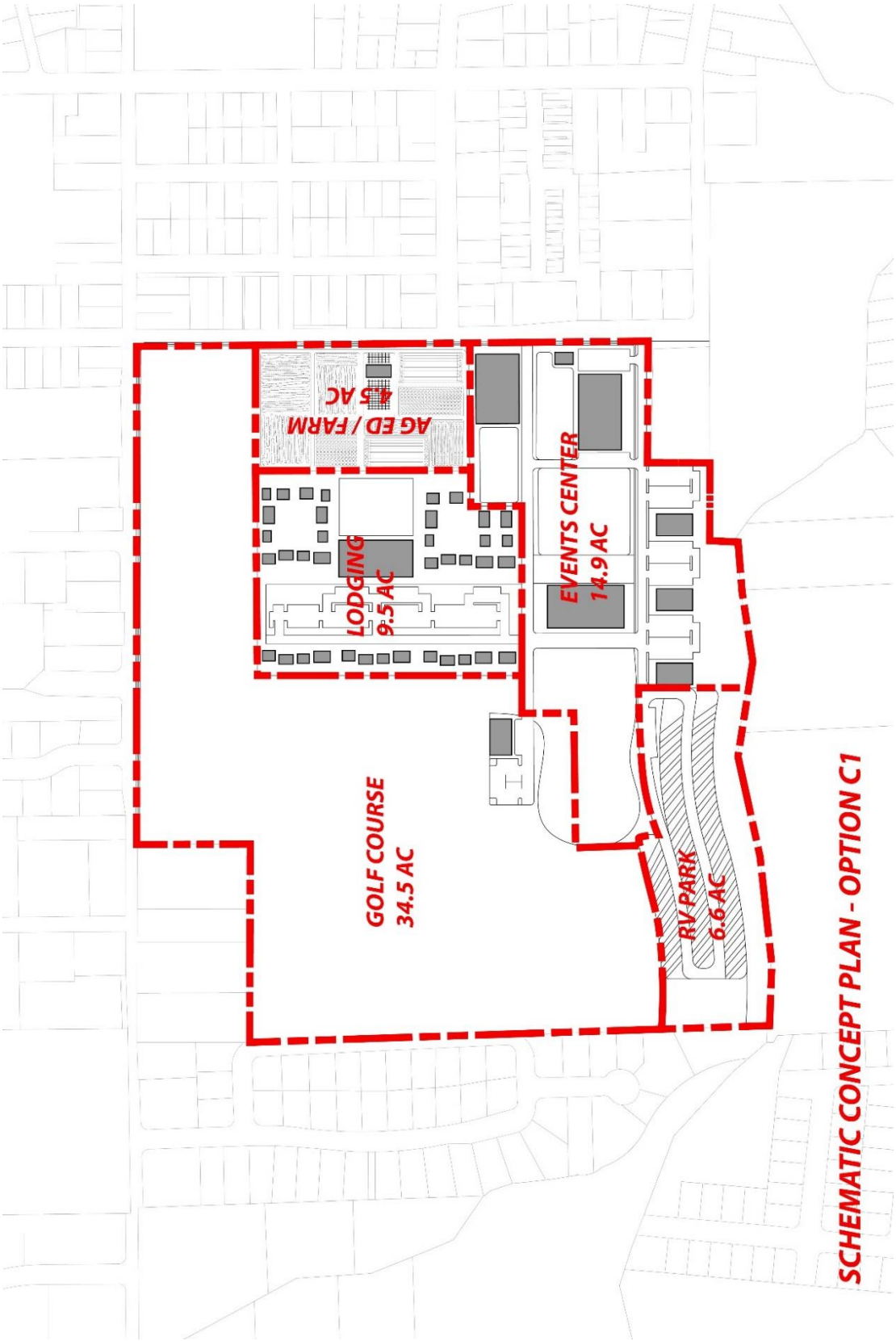


Figure 15. Schematic Concept Plan – Option C1 Land Use Summary

D. Schematic Concept Plan D

This alternative envisions a wholesale re-planning of the entire property. The only facilities that are envisioned to remain are the Tubbs Building, the RV Park, and the golf course. It is the intent that this alternative explore an option for a new plan in the case that the Speedway were to be removed in the near future. This alternative introduces new uses to the Fairgrounds (most notably specialty retail) and creates a campus to host a variety of uses that work together. It should be noted that this alternative would require a subsequent market study to validate the inclusion of retail space apart from the Central Business District.

Specialty retail as depicted in this alternative would consist of local food and beverage makers (ie: cheese, wine, beer, olive oil, etc.), much like the Oxbow in Napa or the Barlow in Sebastopol. This use could work well with the Fairgrounds and the Annual Fair as it would showcase local products, and in essence be a microcosm of the Annual Fair on a daily basis. This use would be unique to the area, and be more operator than market driven. A truly special place must be created in order to draw from a larger market than just the primary market area, and should be marketed as a destination.

A summary of envisioned improvements include the following:

<u>Events Center</u>

In this alternative the Events Center becomes redefined with all new facilities and infrastructure. It is envisioned that the events center would be redefined with several multi-purpose use buildings that incorporate a series of open spaces, ample paved parking, and specialty retail. This alternative proposes the least amount of dedicated leasable exhibit space, however includes the most exterior multi-use space. It is the intent of this alternative to offer long-term leasable space for private development of specialty retail so that the Fairgrounds could have a stream of revenue available to make improvements to other facilities and uses. If this plan were to be successfully implemented, the Fairgrounds would see a significant increase in visitors each year.

Three access points are shown on this plan. It is the intent that the road near the Tubbs Building would act as the primary entry, the road near the Boys and Girls Club would act as the secondary entry, and the road near the RV Park would act as a tertiary entry. It is envisioned that full improvements would be made to N. Oak Street. All interior circulation elements would create a hard line for any turf or improved surfaces, and would help define zones of the Fairgrounds and circulation throughout.

The Tubbs Building is envisioned to undergo a major renovation that includes updates to all aspects of the building, including: floors, ceiling, lighting, audio and visual, and restrooms. It is also envisioned that an improved hardscape with trees, seating and outdoor lighting would be included at the north and west of the building. This hardscape area would be accessed by new exterior doors to the Tubbs Building that would allow unrestricted indoor / outdoor pedestrian flow.

A large 46,000 sf building is proposed in the location of the Speedway. This building is comparable in size to the Oxbow in Napa, and would include 40,000 sf of leasable space; 3,000 sf of restrooms; and 3,000 sf of storage. If it is found feasible to include a large amount of retail, this program would help redefine the Fairgrounds, and generate revenue so that enhancements could be made elsewhere on the property (ie: street improvements, golf course improvements, etc.) This building would become the main focal point of the Fairgrounds year-round, and could also be a vehicle to increase attendance and revenue to the Annual Fair.

Two smaller and identical 13,000 sf buildings are proposed. These buildings are comparable in size to those at the Barlow in Sebastopol. They would each consist of 8,000 sf of leasable space; 2,000 sf of restrooms; and 3,000 sf of storage. It is believed that up to 5,000 sf of space should be reserved for exhibit space by the Association. These buildings could be leased to local artists and crafts workers to make products (ie: pottery workers, welders, wood workers, beer, wine and cheese makers, etc.). The intent would be to provide a space so that visitors could see how products are made and have a place to buy them.

Also included in the Events Center are a series of open spaces, including two turf fields and a linear plaza. The plaza is intended to be a great public space, and would be used as an outdoor event space and host such uses as the local farmers market and street performances. The large turf field could continue to host high school sports. During the Annual Fair the large turf area would host the carnival, and the small turf area would host the kiddie carnival. The plaza would be used by vendors during the Fair.

Lastly, a 54,000 sf civic center building is proposed on the Fairgrounds. It was expressed during the stakeholder outreach that there is a need for additional civic space. For the purposes of this alternative the Consultant Team assumed that there is a need for a large civic use (ie: new council chambers or library). The City and County uses are conceptual at this point, and would need to be verified to determine if feasible. Uses proposed within this building include:

- City Offices 5,000 sf
- County Offices 2,500 sf
- Misc. Offices 3,000 sf
- Reception Area 1,500 sf
- Conference Rooms 2,000 sf
- Exhibit Space 15,000 sf
- Council Chambers 8,000 sf
- Hallways 9,000 sf
- Restrooms 4,000 sf
- Storage 4,000 sf

RV Park

In this alternative it is envisioned that the RV Park remain in the same location with no improvements to the layout or infrastructure. Rather it is suggested that a "pocket park" be added for use by the RV Park, and that the Tucker Room be demolished and replaced with a club house building intended to serve the RV Park. The suggested building includes approximately 4,000 sf for restrooms, showers and lockers; 2,000 sf for a game room; and 2,500 for a restaurant and general store. It is believed that if this improvement were made the RV Park could see an increase in revenue by way of increased rental rates and by the sale of food and beverages.

Golf Couse

In this alternative the golf course would be redesigned and slightly reduced. The total acreage would change from 35.0 acres to 32.0 acres. The golf course redesign would require substantial improvements. The total yardage of the course would change from 2,759 yards to 2,321 yards.

It is also envisioned that the Tucker Room would be demolished and replaced by a new building that would include a 2,000 sf club house, use of the restrooms and restaurant and general store that is intended to serve food and beer. It is believed that if this improvement were made the golf course could see an increase in revenue by way of increased green fees and sale of food and beverage. It is likely, however, that the increased costs of maintenance would offset the additional revenues.

Working Farm

This alternative includes a working farm at the middle of the Fairgrounds that would showcase the long and unique agricultural history of the area. The opportunity to incorporate a farm facility into the Fairgrounds requires the repurposing of land. The proposed farm includes 4.2 acres of farm with a barn and learning center. This area could be used for both educational opportunities, but also as an exhibit space. When not being used for farm or learning activities, the barn could in effect be used as a leasable space to small / private parties. It is believed that this program could increase the total revenue produced by the Fairgrounds, and at the same time provide a great amenity to the community.

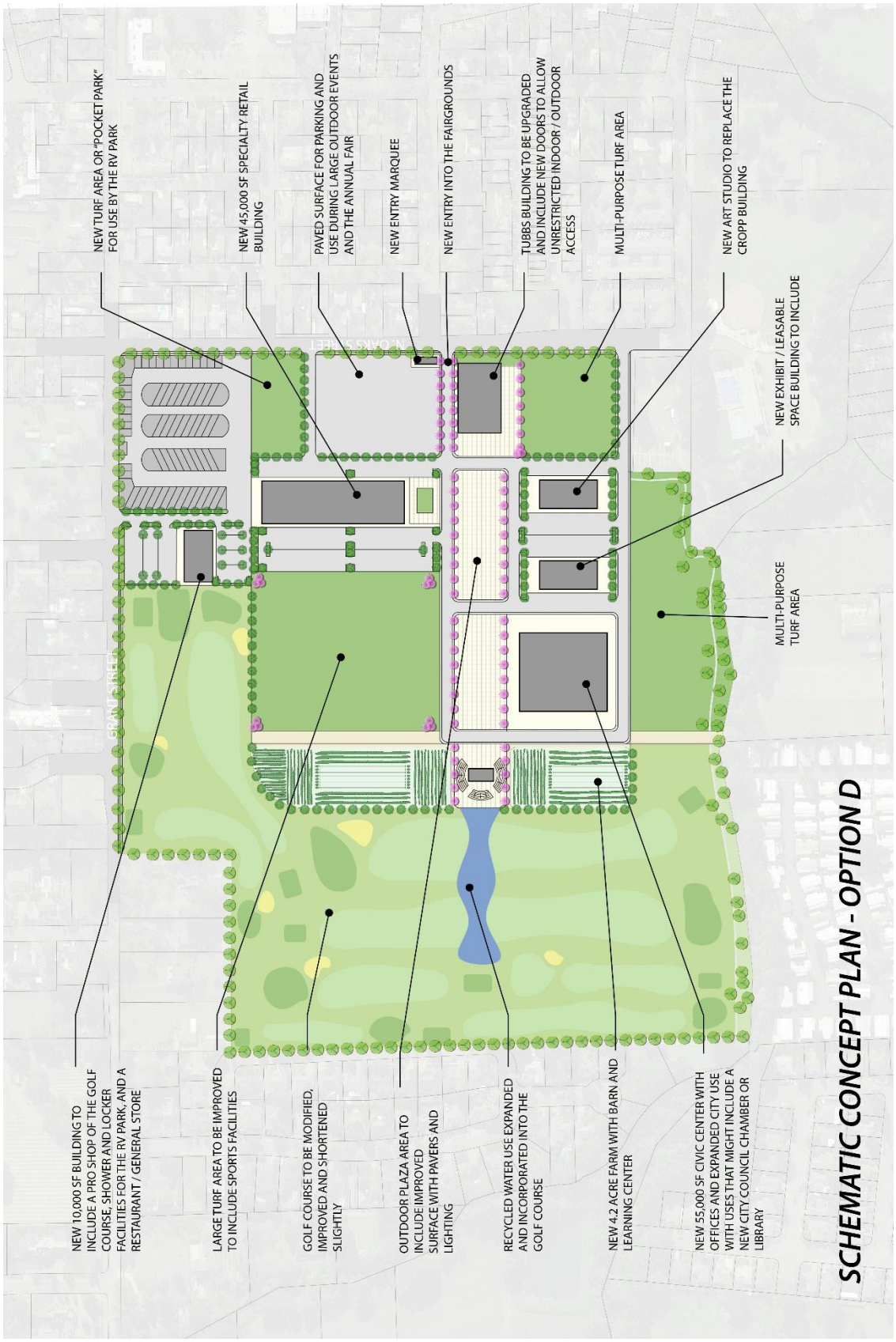


Figure 16. Schematic Concept Plan – Option D

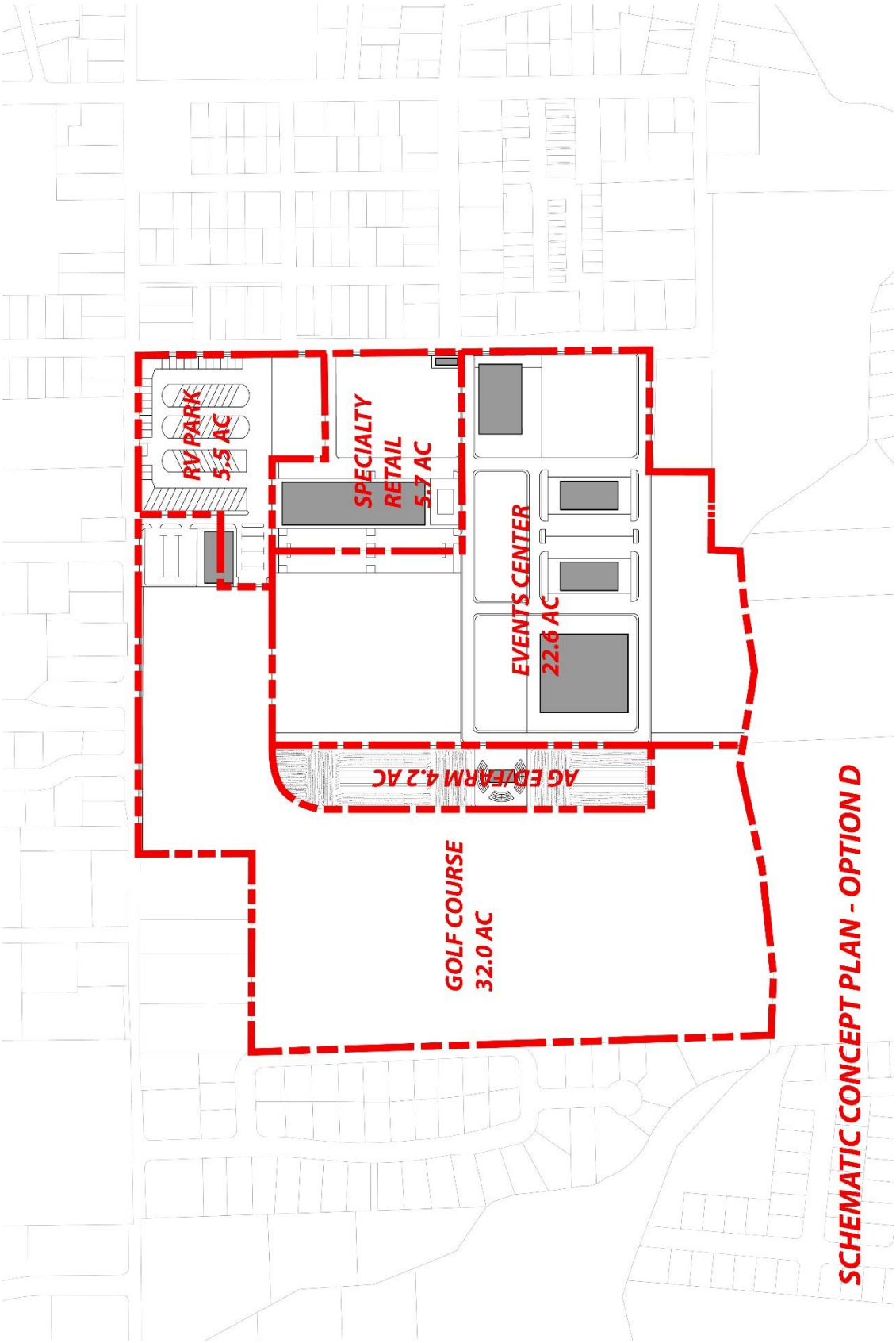


Figure 17. Schematic Concept Plan – Option D Land Use Summary

X. POTENTIAL FINANCIAL IMPLICATIONS OF THE PROPOSED LAND USE OPTIONS

This section presents preliminary information regarding the potential financial implications to the Association related to the proposed alternative land uses and major improvements. This section is intended to provide certain "qualitative" information regarding "order-of-magnitude" estimates of potential operating revenue and expenditures assuming successful implementation of the recommendations for improvement of the major programs as identified in the four land use and site plan alternatives previously described in Section VII of this report. For each of the major program areas we have summarized the factors and considerations upon which the preliminary financial implications information is based for both operating revenue and expenditures.

Also it should be noted that the preliminary information presented regarding estimated annual gross operating revenue, annual operating expenditures and annual net revenue are based solely on certain indicated general assumptions related to the proposed land uses and related major improvements, and are not based on any specific market demand or financial feasibility analysis for the types of proposed land uses.

A. Expansion and Improvement of Events Center

The existing Events Center includes the Tubbs Building (20,000 square feet), Butler Pavilion (6,000 square feet), Tucker Room (3,000 square feet), Great Lawn (126,000 square feet), BBQ Area, Pavilion (27,600 square feet –open air building), and Fiesta Center (20,000 square feet of exterior space) on 14.3 acres.

Under all four of the land use and site plan options the Tubbs Building remains and is improved – however some of the other buildings/facilities are either removed and/or or removed/replaced with similar space in proposed new Multi-Purpose Buildings. For example – the Tucker Room is removed in Options A, B and D, and retained in Option C; the Butler Pavilion is removed in Options B, C and D, but retained/improved in Option A; the Pavilion is retained in Options A and C, but removed in Options B and D.

The existing Events Center has achieved a positive net operating income for the past six-year period from 2010 through 2015. During that period the average annual amount of net revenue to the Association has been approximately $41,000. These estimates of annual net revenue to the Association take into account annual operating expenditures based on the average operating expenditure figures for existing Event Center space for the period from 2010 through 2015.

For purposes of trying to estimate annual operating revenue for treatment of the Tubbs Building, Butler Pavilion and Tucker Room in the various land use and site plan options, we used the average annual gross revenue and operating expenditures during the past six-year period from 2010 to 2015 for those three buildings (based on the estimated percentage of event days these three facilities constitute of the total events then applied to the average annual gross revenue

and operating expenditures) and applied a 10% premium increase to the annual gross revenue and a 5% to 10% increase in annual estimated operating expenditures given the improved space (higher level of maintenance).

Using these general assumptions improvement of the Tubbs Building could yield approximately $40,000 to $50,000 per year in gross revenue. Operating expenditures could be approximately $30,000 to $40,000 leaving an estimated annual net revenue of approximately $10,000. Using similar assumptions regarding annual gross revenue and operating expenditures the Butler Pavilion which is retained/improved in Option A and the Tucker Room which is retained/improved in Option C could potentially generate approximately $10,000 and $3,000, respectively, in annual net revenue to the Association. These figures do not take into account any initial capital or annual costs associated with the financing of the proposed physical improvements to the Event Center facility.

B. Reconfiguration and Improvement of Golf Course

Under land use and site plan Option A the existing Golf Course remains as is with the same area (33.4 acres) with various improvements. Under Options B and D the existing Golf Course is improved and redesigned resulting in a higher quality facility with a slightly smaller area of 24.6 to 29.0 acres, respectively. For Option C, the existing Golf Course is improved and redesigned in an area of 29.0 acres, and includes addition of a club house, kitchen and restaurant/store space totaling approximately 6,000 square feet.

As indicated in the Napa County Fairgrounds Opportunity Assessment Report dated April 8, 2016, the existing Golf Course has experienced a negative annual net operating income for five of the past six years – with the average annual cost of that facility to the Association during that five-year period being approximately $9,000. This is based on approximately 8,700 paid rounds of golf played per year according to the Association.

With the improvements to the existing Golf Course envisioned in Options A through D, including addition of a club house, kitchen and restaurant/store space, we have assumed that the number of rounds played per year could increase by a small margin (e.g. general assumption of approximately 10%), and that the current green fee structure (average $14 to $32 per round depending on day of the week; walking versus riding golf cart) might be slightly increased to help offset the cost of improvements – but still stay competitive with other comparable existing/planned golf courses in the northern Napa County area. A potential increase in the annual number of rounds and green fee structure might potentially increase the estimated annual gross revenue generated by the Golf Course. However, assuming the annual operating expenditures remain in their current range the estimated annual net operating income may or may not get to a breakeven point and eliminate the current trend of annual negative net operating income – without taking into account any annual costs associated with the financing of the proposed physical improvements to the Golf Course facility.

An alternative approach for the Association to improve the existing Golf Course could be to contract with a third-party operator through a long-term management and operation agreement whereby the third-party operator would be responsible to finance the proposed improvements to the existing Golf Course, and operate/manage the Golf Course. However, the term of such an agreement would need to be long enough for the third-party operator to recapture its capital investment (including a reasonable return on investment). Under such an approach the Association could receive an annual payment from the third-party operator related to the third-party operator's exclusive control and use of the Golf Course – likely in the form of a base payment and/or participation payment related to the operation of the improved Golf Course.

However, in order to implement such an approach, the existing Napa County/Association operating agreement would need to be amended to provide for an operating period longer than five years to accommodate a long-term lease of the land area by the Association.

C. Expansion and Improvement of Recreation Vehicle Park

Under land use and site plan Options A and D the existing RV Park remains as-is with the same area (3.6 acres) and number of spaces (70 spaces). For Alternative B, the existing RV Park is expanded to the north toward the existing Golf Course increasing the area by 3.3 acres and 25 spaces bringing the total number of acres to 6.9 acres and the number of spaces to 95 spaces. This is coupled with an improvement to the Tucker Room so that it serves both the Golf Course as a pro shop, and the RV Park as a recreation center. Under Alternative C the existing RV Park is relocated to a 4.2-acre area along the Napa River which creates a facility of approximately 41 spaces.

As indicated in the Napa County Fairgrounds Opportunity Assessment Report dated April 8, 2016, the existing RV Park has experienced a positive annual net operating income for all of the past six years from 2010 to 2015. During that six-year period the average annual amount of net revenue to the Association was approximately $214,000 (or approximately $3,000 per space per year).

For purposes of this preliminary analysis we have assumed that the RV Park (either with improvement to the existing facility, expansion of the existing RV Park to the north and/or relocation of the RV Park to along the Napa River) could potentially generate approximately $4,500 to $5,500 per space per year in gross revenue – using the existing per space per year annual gross revenue figure plus a 10% premium for the improved facility and increased amenities. In terms of operating expenses over the six-year period from 2010 to 2016 the average annual operating expenditures were approximately $125,000 or $1,800 per space (70 spaces). With the proposed improvements and increased amenities, it can be assumed that those costs might increase slightly (e.g. 5% to 10%).

Therefore, for land use and site plan Options A, B and D the amount of potential annual net revenue that could be generated to the Association is estimated to be approximately $175,000 to $245,000 for Options A and D, and $235,000 to $330,000 for Option B. For Option C the estimated amount might be in the range of approximately $100,000 to $150,000 due to a smaller

number of proposed spaces (41). These figures do not take into account any initial capital or annual costs associated with the financing of the proposed physical improvements to the RV Park facility.

D. Retention of Speedway

Under land use and site plan Options A, B and C the existing Speedway remains as is with the same area and improvements. For Option D the existing Speedway is removed and the area is reused for a combination of sports fields, artisan/specialty retail space, farm (portion) and parking.

As indicated in the Napa County Fairgrounds Opportunity Assessment Report dated April 8, 2016, the existing Speedway has experienced a positive net operating income in four of the past six years from 2010 to 2015. In the past two years the Speedway has provided annual net revenue of approximately $12,090 and $45,750 respectively, to the Association.

For land use and site plan Options A, B and C, these general amounts of annual revenue to the Association would likely continue as long as the extent/type of use of the Speedway is continued by the Association and its third-party promoter. For Option D, the existing amount of annual net revenue would no longer be received by the Association due to the removal of the Speedway. However, there could potentially be new annual revenue generated from the reuse of the area in accordance with Option D (see Section E.3.) that could potentially offset some or all of that lost annual revenue.

E. Other Uses

Civic Center

Three of the four land use and site plan alternatives include a new Civic Center intended to include a combination of City of Calistoga and Napa County office space, conference room/space, meeting rooms, and possibly exhibit space (Alternative C), amphitheater (Alternative C), exhibit space (Alternative D) and City Council Chambers (Alternative D).

The approach to developing such a joint use facility would likely involve a three-party joint development and use agreement between the Association, City of Calistoga and Napa County. Under such an agreement each entity would be responsible for such portion of the facility development cost and annual operating expenditures (including debt service on any financing mechanism used to finance development of the facility) in proportion to the extent of the intended use of the facility by each respective entity. Under this approach the Association would be responsible for a portion of the annual debt service and operating expenditures associated with its use of the facility.

An alternative approach would have the Association finance (through a long-term, low interest financing mechanism), develop and own the facility with long-term use agreements with the City

of Calistoga and Napa County for their respective use of the facility. Under this approach the Association would have the risk associated with financing and development of the facility, and be solely responsible for the ongoing debt service and operating expenditures for the entire facility. However, under long-term lease or use agreements with the City and County, the Association could derive annual revenue from such agreements to offset its annual financial obligations. However in order to implement such an approach the existing Napa County/Association operating agreement might need to be amended to provide for an operating period longer than five years so that a long-term financing could be put into place by the Association.

Based on a set of preliminary cost, revenue and financing assumptions the Civic Center facility could potentially generate annual net revenue to the Association if the revenue received from the City and County is in sufficient amounts to cover the Association's ongoing annual expenditures. As a hypothetical example, if: 1) total development cost of the building(s) is approximately $300 per square foot; 2) financing is provided 100% through a public financing mechanism using a 4% interest rate/30-year financing term; 3) revenue received from the City and County is in the range of approximately $2.00 to $2.50 per square foot per month; and 4) annual operating expenses are in the range of approximately $6.00 to $8.00 per square foot per year - the proposed 16,000 square foot Civic Center use under Option A could potentially generate approximately $30,000 to $60,000 in annual net revenue to the Association.

Multi-Purpose Building(s)

Under land use and site plan Options B and C there are proposed new multi-purpose buildings – a larger building (26,000 square feet) for exhibit hall space, kitchen, wedding venue space, and a smaller building (10,500 to 12,000 square feet) for exhibit/leasable space. For Options B and C, the new multi-purpose buildings would in part replace space lost due to removal of the Butler Pavilion (6,000 square feet), Pavilion Facility (27,600 square feet – open air building) and Cropp Building (6,000 square feet).

It is assumed that the Association would finance (through a long-term, low interest financing mechanism) the development of the proposed new multi-purpose buildings – and would own and operate such buildings. However, in order to implement such an approach, the existing Napa County/Association operating agreement might need to be amended to provide for an operating period longer than five years so that long-term financing could be put into place by the Association.

As a hypothetical example, if: 1) total development cost of the building(s) is approximately $300 per square foot; 2) financing is provided 100% through a public financing mechanism using a 4% interest rate/30-year financing term; 3) revenue received from the City and County is in the range of approximately $2.00 to $2.50 per square foot per month; and 4) annual operating expenses are in the range of approximately $6.00 to $8.00 per square foot per year - the proposed 26,000 square foot Multi-Purpose Building use under Options B or C could potentially generate approximately $30,000 to $60,000 in annual net revenue to the Association.

Artisan (Specialty) Retail

For land use and site plan Option D there is a proposed Artisan/Specialty Retail with both a larger building (46,000 square feet) and two smaller buildings (total of 13,000 square feet) for exhibit and leasable space for an area of approximately 7.0 acres.

The approach to developing such a use would likely include the Association leasing the underlying land area on a long-term basis to a third-party entity that would then be responsible to privately finance, develop, own and operate the facility. The Association would be a lessor of the land area and would collect annual land lease payments from the third-party entity (lessee). However, in order to implement such an approach, the existing Napa County/Association operating agreement would need to be amended to provide for an operating period longer than five years to accommodate a long-term lease of the land area by the Association.

In order to provide an order-of-magnitude estimate of potential annual lease revenue to the Association, we prepared a residual land value analysis for a hypothetical development program based on certain development/operating cost, revenue, financing and investment assumptions. Based on the prepared residual land value analysis it was concluded that the estimated land value using the projected project economics could be in the range of approximately $9 to $11 per square foot.

As a hypothetical example - using an estimated land value figure indicated above the completed (stabilized) facility could generate approximately $145,000 to $195,000 in annual revenue to the Association based on an annual land lease payment equal to approximately 6% to 8% of the mid-point of the estimated land value range. Under this approach there would not be any annual expenses to the Association, because it would be the property lessor and all of the ongoing operating expenses (including reserves, replacements, maintenance, etc.) would be the responsibility of the third-party entity (lessee).

Lodging / Resort Development

For land use and site plan Option C-1 the concept of a lodging/resort development is indicated as an alternative future use for a portion (approximately 9.5 acres) of the Fairgrounds. The preliminary hypothetical development program includes approximately 75 rooms (units) in 38 small individual buildings and a 20,000 square foot activities building with lobby, food service and meeting/banquet space.

The approach to developing such a use would likely include the Association leasing a designated underlying land area on a long-term basis to a third-party entity that would then be responsible to privately finance, develop, own and operate the subject lodging/hotel property. The Association would be a lessor of the land area and would collect annual land lease payments from the third-party entity (lessee). However, in order to implement such an approach, the existing Napa County/Association operating agreement would need to be amended to provide for an

operating period longer than five years to accommodate a long-term lease of the land area by the Association. Generally lodging/hotel development would require at least an initial lease term of thirty (30) years, with appropriate options to extend the lease term to fifty or sixty years in length.

In order to provide an order-of-magnitude estimate of potential annual lease revenue to the Association, we prepared a residual land value analysis for a hypothetical development program based on certain development/operating cost, revenue, financing and investment assumptions – in part based on the data included in the Gruen Gruen + Associates study such as estimated occupancy rate(s), average daily room rate(s), etc. Based on the prepared residual land value analysis it was concluded that the estimated land value using the project economics of the fourth operating year (stabilized operating year) could be in the range of approximately $5 to $7 per square foot (discounted to the first operating year using a 5% discount rate).

Typically a lodging development it takes approximately three to four operating years to reach a "stabilized" operation, therefore it is unlikely during the first three years of operation the completed development could generate any or little annual land lease revenue to the Association. However based on the estimated stabilized year operating economics the completed (stabilized)facility could generate approximately $150,000 to $200,000 in annual revenue to the Association (in the fourth operating year) using an annual land lease payment equal to approximately 6% to 8% of the mid-point of the estimated land value range. Under this approach there would not be any annual expenses to the Association, because it would be the property lessor and all of the ongoing operating expenses (including reserves, replacements, maintenance, etc.) would be the responsibility of the third-party entity (lessee).

XI. CAVEATS AND LIMITATIONS

1. The preliminary analysis contained in this document is based, in part, on data and information from secondary sources. RCH Group, Inc. and A. Plescia & Co. believe that these sources are reliable, however, RCH Group, Inc. and A. Plescia & Co. cannot guarantee the accuracy of such data and information.

2. The preliminary analysis assumes that neither the local, regional or national economy will experience a major recession. If an unforeseen change occurs in either the local, regional or national economy the information contained in this document might not be valid.

3. The information contained in this preliminary analysis is based on economic considerations, not political considerations. Therefore, the preliminary information should not be construed as a representation or opinion that any required governmental approvals would be secured for any proposed development projects.

4. The preliminary analysis is based on the informed judgment of RCH Group, Inc. and A. Plescia & Co. using the best available market, business and economic data and information that reflects current real estate market conditions as of the date of this preliminary analysis. The preliminary information and analysis should not be relied upon as sole input and basis for any final business decisions regarding any proposed development projects.

5. Any preliminary estimated land values, construction costs, financing costs, lease rates, sales income projections, etc. are based on the best available data and information as of the date of this preliminary analysis. No warranty or representation, either expressed or otherwise, is made that these estimates would actually materialize.

6. The global order of magnitude development costs are intended to provide a rough snapshot of what it might take to develop each space in accordance with the concept provided for in the Assessment. Area takeoffs were derived from non-engineered base maps, are conceptual, and are subject to change. Costs have been based upon historical data and allowances for similar project types (fairs) constructed or planned in Northern California. Costs are provided without the benefit of architectural or engineering drawings, or detailed facility programs.

7. Order of magnitude costs were developed only for major elements of work, do not necessarily include or reflect all possible variables, including costs typically associated with fees/permits, are not intended to be all-inclusive, and should be used for discussion purposes only.