

**PUBLIC INFORMATION MEETING
U.P. STATE FAIR OPERATIONS**

**Bay College – Heirman Center, Room 958
February 5, 2009
7:00 p.m. – 9:00 p.m.**

In Attendance:

MDA Director Don Koivisto, Commissioner Ann Jousma-Miller, Barb Hensinger, Scott Staelgraeve; Fair Board Members: Jake Campbell, Jim Gale, Vickie Micheau, Barry Bahrman; Audience: 117

QUESTIONS ASKED:

What is the timeline and legal process for transferring property and is there a “pecking” order as to the entity who would receive the transfer?

This proposal will be part of the Governor’s FY2010 budget proposal and the Legislature must act for any transfer to become law. The planning process for the 2009 fair is well underway and the Michigan Department of Agriculture (MDA) will work with the community to make the transition as seamless as possible so that 2010 will continue the tradition of a great agricultural fair and a safe family fun activity.

There is no prescribed “pecking” order for the transfer. The regional community who supports the fair must work together to ensure business continuity through this transition.

Is this a “permanent” decision – no more UP “State” Fair?

There was NO decision made to eliminate the UP State Fair. It is the Governor’s position that state government will no longer be in the fair management business. She and Director Koivisto are both positive that the community can - and will - step up to the plate to take over that management role and the UP State Fair will continue. Many state fairs are run by non-state government entities and we can look to those states and follow their model.

Would we be able to house animals within the city limits?

That issue will have to be addressed in the conveyance of the property. Again, MDA is hopeful the property will be transferred with the legal provisions that the property be maintained for public use including the exhibition of livestock.

Transfer of property – a reversal clause, will that clause be left out? Can it be conveyed to a non-profit?

Specific issues regarding the transfer of the property will have to be part of the legislation and in compliance with the state constitution. For the property to be transferred at a minimal cost (\$1), the property must be maintained for public use, no other forms of development. Given this fact, if the focus of the use of the property were to change in the future, then it may revert back to the state, or the entity holding the property may have to pay “fair market” value for it.

Who will identify the stakeholders /transition team?

MDA is hopeful the UP State Fair Advisory Board and the UPSF Foundation Board of Directors will be the group who brings the community and stakeholders of the fair together to plan the transition. Commissioner Jousma-Miller, the UP representative for the Michigan Agriculture Commission, will lead the organization effort.

Is there a possibility of the Department of Agriculture keeping the fair?

The Governor is recommending in her Executive Budget that the appropriation for both of the state fairs be eliminated. The Legislature will have to act on her budget recommendations. If the funding is not restored, then the state will not have any ability to collect or spend any funds to manage the fair. Given the current economic difficulties the state faces, and the ability for another entity operating the fairgrounds, it is in the best interest of the community to move the grounds and the fair to local control.

Can you call it the “UP State Fair”?

Yes, state fairs in many states are operated by other entities than state government. It is suggested a resolution be presented to all the counties in the UP to support the continuation of the fair and it continue to be recognized as the UP State Fair.

Can it be profitable if not run by State government?

We believe the UPSF and management of the grounds can be profitable. We have applied the same business model, but removed the expenses that are imposed by state government operations, and the fair could reasonably run with a \$100,000 profit.

What are the conditions of the buildings?

The facility is in good condition.

If the fair closes down on September 30, 2009, will the buildings all be shut down and winterized?

MDA is hopeful there will be a seamless transition and the new operation entity will be in place when the state oversight ends October 1 . We are recommending no major changes to the business model for 2010 to allow the new entity time to evaluate operational and stakeholder needs.

Will there be any seed money from the State for the new owners?

No, there will be no seed money from the state. MDA, however, will work to support the booking of events and winter storage contracts, so a revenue stream will be in place for the new management.

How will multi-year contracts be handled?

If this recommendation is enacted, all contracts with the State of Michigan will be canceled in September. Any future contracts will be negotiated with the new management. MDA staff will work with the vendors and the new management team to identify necessary contracts and service providers.

Will the DNR Pocket Park be affected?

MDA has an agreement with the Department of Natural Resources (DNR) for the use of the land for the pocket park and its maintenance. Additional research will have to be undertaken to ensure the transfer of the property will address administrative and legal issues with the pocket park. It is DNR's intent to continue to maintain the park.

What will happen to the current staff at the UP State Fair?

We will begin to explore other opportunities for the staff at the UP State Fair. Director Koivisto and FER Division Director Barb Hensinger will work with staff to explore all possibilities to secure alternative employment.

Who will pick the committee and will the State work with them?

MDA will look to the UPSF Advisory Board and the UPSF Foundation Board of Directors to provide the leadership to begin the transition, but welcome others who would like to be involved.

Are the financial statements available to take to the bank?

Yes, we will be glad to provide any financial data to assist with the transition.

How much would the conveyance be to a local government entity?

If the local unit of government agreed in the conveyance to maintain the property of public use, that type of conveyance has been done for as little as \$1. Any conveyance will be subject to the legislation drafted for this purpose. Director Koivisto has been in contact with the UP legislators and will work with them to help propose legislation.

How much money does the State contribute to the Fair?

MDA has assisted the UP State Fair with budget shortfalls. This amount has varied from as little as \$35,000 to more than \$200,000 in past years.

What inventory/equipment is the State going to take before the conveyance?

That will have to be determined. Leased vehicles and computers will be returned to the state. We will have to explore if other equipment will have to be sold at surplus or if it can be included as part of the conveyance.

How many acres?

The fairgrounds has approximately 130 acres, with 100 acres inside the fence.

Who will be drafting the bill to the legislators?

The Legislature has staff who will draft the actual bill.

Does an environmental study need to be done?

That is unknown at this time.

Who would be given first preference – private entity with top dollar, or local government?

We are hopeful that all the stakeholders work together to develop a unified plan. If friction occurs, it could result in negative perceptions that would adversely affect the community's support of the fair, which is absolutely necessary for continued success.

Could the new fair apply for premium dollars?

Yes, if there are premium dollars available.

Could a number of counties be involved in ownership of the fair?

They would have to combine to form one entity.

Are county boards being contacted to be aware of how the transition will take place?

No, however, public notice of this meeting was made and we encourage all interested parties to sign up to be part of our email notification group to ensure they get the most update information as we work through this transition.

What is the time frame of legislators – are they in session?

The Governor will introduce her budget bill on February 12. The Legislature will then begin to take action. Clearly, the sooner a conveyance bill is introduced and acted upon, will help make the transition more seamless and increase the ability for the new entity to “hit the ground running” on October 1.

Other comments made by audience:

- We need an advocate for livestock and vendors on the committee.
- We need to get together and be a unified group.
- The fair needs to be for the whole UP.
- The UP State Fair Foundation is under the UP Community Foundation.
- Input be sought from all counties in the UP.
- There will there be more flexibility if not involved with the State.