



Friends and Neighbors of the Orange County Fairgrounds

For a Fair and Fairgrounds that is for, and of, Orange County

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State Audit of Orange County Fair and Event Center Uncovers Employee Paid to Not Show Up for Work

An audit of the 32nd District Agricultural Association (32nd DAA) which operates the Orange County Fair and Event Center (OCFEC) and conducts the annual OC Fair uncovered that the 32nd DAA paid a former employee over \$74,000 in wages and benefits after she stopped working for the 32nd DAA in 2016. The audit report concluded that the 32nd DAA “overpaid the employee for work that was not performed and therefore may be considered a gift of public funds”, which is prohibited by the California Constitution. Auditors recommended that while attempts should be made to recoup the funds paid, it was unlikely that the funds could be recovered from the former employee. The 32nd DAA contends that the payments were made to incentivize an employee who allegedly created a hostile work environment to leave the 32nd DAA, although no explanation has been offered as to why the employee was so incentivized and not simply terminated for creating such an environment

CEO Kathy Kramer was aware of the issues raised in the audit which included a failure to update contracting procedures to remain in compliance with statute in May 2018. The May 2018 32nd DAA Board of Directors (Board) meeting agenda included enacting new policies and procedures regarding the issues regarding contracting procedures but made no mention of payment of the over \$74,000 to a no-show employee.

The public remained unaware of the audit until late 2018 when CEO Kramer placed Vice President of Finance Adam Carleton on administrative leave. Mr. Carleton is the fifth VP of Finance under CEO Kramer since her arrival at the OC Fairgrounds four years ago. Mr. Carleton alleges he was placed on administrative leave as part of the effort to conceal the audit findings of payment to an employee to not show up for work. Mr. Carleton made the public aware of the existence and findings of the audit. CEO Kramer has not offered any other reason for placing Mr. Carleton on leave, but simply denies it was for this reason. No actions have been taken relating to other senior members of the executive management team including Vice President of Operations Ken Karns and Vice President of Business Development Michele Richards despite serious problems at the Fairgrounds including critical health and safety violations going uncorrected for more than a year and the booking of controversial events which have led to problems up to, and including, a riot at the Fairgrounds.

There is a runaway administration which is trying to operate without oversight and transparency which has placed the safety of the public and financial health of the 32nd DAA at

risk. Among these are:

- Reports from the State Fire Marshal in 2016 and 2018 contained numerous violations which required correction, with many of the issues identified in the 2016 report remaining uncorrected in the 2018 report.
- A culinary program for high school students was conducted in a kitchen where the fire suppression system was rendered effectively non-functional.
- CEO Kramer and VP Karns signed off on over \$250,000 invoices for the master site plan without receiving the deliverable items.
- The Fairground was cited for violations of storm water discharge regulations by authorities after an inspection triggered by their washing of animal waste into the storm water system.

CEO Kramer and the management of the Orange County Fairground attempts to operate the facility with a lack of transparency that verges on outright opacity.

- The Fairgrounds management regularly fails to provide documents requested under the California Public Records Act for months after the requests (rather than the 10 days found in the law) and makes no effort to work with requesters to streamline this process, as required by law.
- The Fairgrounds management worked with contractors to develop a master site plan which ignored public input and proposed demolition of the Equestrian Center to create an RV park despite the Board and public expressing the need to keep the Equestrian Center, but which captured most of the wish list given to the contractors by Fairground VP Karns prior to gathering input from the public or the Board.
- Management made a further attempt to reduce the size of the Equestrian Center to provide more space for shipping containers by misleading the Board that a parking lot adjacent to the Equestrian Center would be used for storage and did not state the Equestrian Center was targeted to become a storage area.
- Management spent nearly \$100,000 with a contractor to generate a Storm Water Management Plan that legally committed the Fairgrounds to certain actions without ever raising the contracts or the plans to the attention of the 32nd DAA Board that was appointed by the Governor to oversee the Fairgrounds.
- Recently, management attempted to use state funds to pay for travel by CEO Kramer, VP Karns and VP Richards to Texas despite the ban on travel to Texas using state money due to discrimination by Texas against the LGBTQ community.

The 32nd DAA Board fails to effectively oversee the Fairgrounds, despite being charged with the authority to “manage the affairs of the association” (Food and Agriculture Code §3965(b)). The senior management of the OC Fairgrounds has convinced a number of members of the Board that they are “merely volunteers,” have only an advisory role and should not weigh in on the actions of Fairgrounds Management. These “captured” Board members facilitate the actions of Fairgrounds management, stymie the efforts of other Board Members to do their appointed job, and refuse to meet with members of the public regarding management of the 32nd DAA. Board members are well rewarded by Fairgrounds management with free catered gourmet dinners, free tickets for front row seats to headliner concerts, and free trips to meet with trade association lobbyists in addition to staff providing assistance with furthering the social lives of Board members using state funds.

About the 32nd DAA

The 32nd District Agricultural Association (32nd DAA) was formed after WW II by the state and made responsible for conducting the Orange County Fair which had been held since 1890 by private organizations. A portion of the former Santa Ana Army Air Base was purchased by the state to be utilized by the 32nd DAA. The approximately 150 acre property is currently owned and operated by the state and staffed by civil service employees and state contractors. Annual revenues of the 32nd DAA are over \$48 million with operating expenses of about \$39 million and cash reserves of about \$50 million. The 32nd DAA uses the names “Orange County Fair and Event Center” and “OCFEC” to conduct business. A nine member Board of Directors appointed by the governor oversees the management of the property. California Department of Food and Agriculture Fairs and Expositions Branch under the Division of Marketing Services is the parent agency of the 32nd DAA.

About the Equestrian Center

The Equestrian Center at the Orange County Fair and Event Center is owned by the state and operated by a private company and features eight barns with stalls and offices and five riding arenas. Programs include therapeutic riding, Pony Club to children to learn horsemanship, OC Vaulting featuring gymnastics performed on horses, in addition to riding lessons for jumping, hunting, eventing, and English riding, among other styles. The Equestrian Center is open to the public.

About Friends and Neighbors of the Orange County Fairgrounds

Friends and Neighbors of the Orange County Fairgrounds (FANOCF) is a 501(c)(3) non-profit corporation which was formed to foster and support the operation of the Orange County Fairgrounds so as to benefit the interests of the neighboring residents and the public. FANOCF strives “For a Fair and Fairgrounds that is for, and of, Orange County”. FANOCF advocates for uses of the OCFEC property which prioritizes the needs of Orange County residents for educational, agricultural, and community based programming.