



County of San Mateo

Inter-Departmental Correspondence

Department: COUNTY MANAGER

File #: 19-273

Board Meeting Date: 4/9/2019

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: Michael P. Callagy, County Manager
Connie Juarez-Diroll, Legislative Officer

Subject: 2019 State Legislative Session-Senate Bill 281 (Wiener) Cow Palace Authority

RECOMMENDATION:

Adopt a resolution in support of Senate Bill 281 (Wiener) Cow Palace Authority, prohibiting the sale of firearms and ammunition at the Cow Palace and requiring the formation of the Cow Palace Joint Powers Authority for the development of the Cow Palace property.

BACKGROUND:

The 1-A District Agricultural Association governs the agricultural district that encompasses the County of San Mateo and the City and County of San Francisco. The Cow Palace operates as one of fifty-four district agricultural associations (DAA) statewide. The venue, a 68-acre property, is located in Daly City at the border of San Mateo and San Francisco counties in the Bayshore neighborhood of Daly City. The Cow Palace, constructed in 1941, originally served as a permanent structure to house animal livestock expositions. At present, the venue hosts a variety of events, including entertainment and consumer shows, and since the 1980s, gun shows four or five times per year. For example, guns shows were held in April and June of 2018.

DISCUSSION:

Senate Bill 281 would establish the Cow Palace Authority (CPA) and grants it specific powers, transfers property and contracts to the new authority, and bans gun shows at the Cow Palace. The bill also includes language that sunsets the new authority in 2120, which gives it 100 years to operate.

Cow Palace Authority (CPA) Board and Advisory Committee

Would establish the CPA board with seven members: 3 members of the Daly City Council appointed by its Mayor, 2 members of the San Francisco Board of Supervisors appointed by its Mayor, and 2 members of the San Mateo County Board of Supervisors it appoints. The bill requires the Authority to take over management of the Cow Palace property from the 1-A DAA and give the CPA board until

June 1, 2020 to hold its first meeting and take steps to prepare for taking over ownership of the property. Meetings of the board would be subject to the Brown Act.

The bill also requires the CPA Board to create a Cow Palace Advisory Committee made of up representatives from state agencies, nongovernmental organizations, and members of the public surrounding the Cow Palace. This committee would provide a formal mechanism for the public to provide input into plans for the Cow Palace.

Cow Palace Authority (CPA) Board Powers:

SB 281 would provide the Board broad authority to manage the Cow Palace and the Authority to do the following:

- Receive grants from federal and state agencies.
- Accept gifts, fees, grants, and allocations from public and private properties.
- Issue revenue and general obligation bonds.
- Incur bonded indebtedness up to \$2 billion.
- Receive and manage a dedicated revenue source.
- Deposit or invest moneys in banks and financial investments.
- Sue and be sued.
- Engage counsel and other professional services.
- Enter into and perform necessary contracts.
- Enter into Joint Powers Agreement.
- Hire staff.
- Use interim or temporary staff provided by appropriate state agencies.
- Own real property.
- Award grants to public and private entities contributing to the goals of the CPA.
- Exercise land use authority over the property.
- Serve as lead agency for any environmental reviews pursuant to the California Environmental Quality Act (CEQA).

If the CPA Board uses its authority to propose a measure to generate revenues, it is required to place a measure before the voters through a special election consolidated with the next regularly scheduled statewide election in San Francisco and San Mateo counties. The bill requires the authority to reimburse each county for the incremental costs associated with including a measure specific to the Authority on the ballot. In the process of awarding grants to public and private entities, the authority is required to give priority to projects that contribute to the goals of the bill and to solicit input from the advisory committee.

Property transfer

SB 281 requires the DAA to transfer the property over to the CPA by January 1, 2021. In addition to the property, the bill also names the CPA the successor in interest to contracts relating to the Cow Palace property. Once the DAA transfers the property to the CPA, the bill gives the CPA the power to do any of the following:

- Enter into contracts or agreements for the demolition of the existing structures on the property.
- Enter into contracts or agreements for the development of the property for affordable and

mixed-rate mixed-use housing.

- Operate the property as it was previously operated before the DAA transferred the property to the CPA.
- Specifies that the measure is not intended to interfere with contracts entered into on or before December 31, 2019.

The bill requires regular auditing of the Authority's finances, including the preparation of an annual report available to the public.

Gun Shows

SB 281 bans gun shows at the Cow Palace starting January 1, 2020. Specifically, the measure prohibits any entity that manages the property from conducting, contracting for, authorizing, or allowing the sale of any firearms or ammunition on the property unless the parties entered into a contract before December 31, 2019. The bill exempts gun buy-back events held by a law enforcement agency from this restriction.

According to the author, the bill addresses a longstanding concern with respect to the Cow Palace by providing for local control over the future of the Cow Palace's massively under-utilized land and by banning gun and ammunition sales at the site. For decades, the local community has asked the Cow Palace Board of Directors to stop the site's longstanding gun shows and to redevelop the site to include useable and community-oriented housing, retail and mixed-use for the revitalization of the Bayshore Neighborhood. However, the use of the site has remained generally unchanged. SB 281 would end the gun shows and the newly created CPA Board, with input from the community, would decide what to do with the land. Furthermore, when combined with adjacent parcels owned by Daly City and a private property owner, the venue's nearly 80 acres of land provide an opportunity for potential housing and mixed-use development at a time of deep crisis in housing affordability in the Bay Area.

The bill is supported by Supervisor David Canepa who represents District 5, which includes Daly City and the Cow Palace, and he has asked that your Board to endorse this measure. Also supporting SB 281 are Daly City, the Office of the Mayor of San Francisco, and the California State Treasurer, Fiona Ma. Opponents include the Western Fairs Association, Crossroads of the West Gun Shows and Gun Owners of California, Inc., among others.

SB 281 is coauthored by every member of the San Mateo County delegation (Senator Jerry Hill and Assembly Members Marc Berman and Kevin Mullin), as well as the San Francisco delegation (Assembly Members David Chiu and Phil Ting). The bill has been triple-referred: first to the Senate Governance and Finance Committee where it passed on a 4-2 vote on March 27, 2019; second to the Senate Governmental Organization Committee; and third to the Senate Public Safety Committee. Pending amendments to the bill taken in the Senate Governance and Finance Committee, which has jurisdiction over bills relating to local government finance issue, will address committee concerns regarding the potential loss of revenue to the state as a result of the transfer of the property from the state to the newly formed CPA and concerns about the purported precedent-setting nature of the bill for other local agencies to take control of property owned by a district agricultural association. Daly City has also asked to increase its representation on the CPA board from three to four members and to reduce the County's representation from two members to one. Supervisor Canepa is supportive of this change.

A review by the County Counsel's Office has determined that several further amendments should be considered as to the Bill to clarify both liability and cost of operations issues for the County. Because the bill creates a "District" pursuant to Government Code section 317 and legal research does not yield any authority for the proposition that "Section 317 Districts" are separate entities that are immune from the liabilities of any constituent members, it is suggested that language be added that makes it clear that this district is a separate and stand-alone when facing liability. SB 281 includes language that states the following: "(b) The authority shall be the successor to all powers, functions, and duties formerly held by the 1-A District Agricultural Association with regard to the property" and "(b) The authority shall be the successor in interest to any contracts relating to the real property known as the Cow Palace." To more explicitly affirm that all the costs of operation for the old Cow Palace entity will be assumed by the new CPA authority, the County Counsel is recommending the addition of language that would indicate that all contracts, debts and liabilities as well as any assets and revenues from the former 1-A District Association and its Board of Directors are hereby assigned and transferred to the new CPA authority. The County will work with the author to make the recommended amendments to the Bill.

The Legislature has made several attempts to ban gun shows at the Cow Palace, including SB 221 (Wiener, 2018), SB 475 (Leno, 2014) and SB 585 (Leno, 2010), which were all vetoed on account of pre-empting the Board of Directors of the Cow Palace from exercising its contracting authority. Your Board supported both SB 221 in 2018 and SB 475 in 2014.

Approval of this resolution contributes to the Shared Vision 2025 of a Collaborative Community by supporting measures that promote regional solutions to problems with informed and engaged residents and approach issues with fiscal responsibility. The Resolution has been reviewed and approved as for form by County Counsel.

PERFORMANCE MEASURE:

Measure	FY 2018-19 Anticipated	FY 2019-20 Projected
Federal/State Measures analyzed and acted on	150	200

FISCAL IMPACT:

It is anticipated that with the proposed County Counsel amendments there will be no costs to the County by the enactment of this legislation.