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Sent: Tuesday, November 15, 2022 10:34 PM
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Cc: Michele Richards
Subject: November 17 Board Meeting re: IFB: EQC-01-22 Horse Feeding, Box Stall Cleaning & Arena Maintenance Services Proposal
Attachments: OC Fairgrounds bid letter 111522.pdf

Dear Members of the OC Fair Board

Please find attached a letter that I wish to submit for consideration with regard to planned discussion of the Lopez Works Inc. IFB: EQC-01-22 Horse Feeding, Box Stall Cleaning & Arena Maintenance Services Proposal.

Thank you in advance for your consideration

Aileen Anderson
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November 15, 2022

OC Fairgrounds Board of Directors

First, I would like to thank the board for their efforts in securing a new operations contract for the Equestrian Center at the OC Fairgrounds. Like others at the Equestrian Center, I am excited by the goal to identify new paths forward. The history of equestrian events in California goes back to the 1890s - keeping the opportunity open for people of all ages to share a part of that tradition represents a challenging but unique investment in the Orange County community.

With that enthusiasm in mind, I had the opportunity to review the bid presented by Lopez Works Inc. (LWI), which raises a number of concerns regarding sustainability. With respect, the LWI bid is not consistent with the local industry standard for labor and maintenance costs for an equestrian facility. Specifically, the presentation of the bid fails to understand the manpower needs of the facility, or present the costs driving the proposed bid in a transparent way. The exorbitant cost quotes relative to comparable facilities in Orange and LA county suggest a lack of operational experience that does not meet the standard required for a responsible bidder under CA Department of General Services guidance 1404.2. Specific points driving this conclusion are summarized below:

1. The table below summarizes the average board prices at 5 local equestrian facilities, 4 of which are similarly situated on state or county grounds, along with the gross revenue projected based on those fees for an annual occupancy of 180 stalls. Based on these numbers, in order to 'break even' against the increased operational costs in the LWI bid, board fees would have to rise from \$634/month to \$1024/month. This 162% increase in cost would come with no additional services or capacity to offer programs.

	monthly stall fee	annual gross revenue for services (180 stalls x 12m)
average of box stall prices at other local facilities (Sycamore, Peacock, Huntinton, Lakwood, Serrano)	\$622.60	\$1,344,816.00
current price at OC fairgrounds	\$634.00	\$1,369,440.00
Lopez bid for feeding labor, feed and maintenance divided by 180 stalls and 12 months per year	\$1,024.24	\$2,212,358.00

2. The LWI bid shows a lack of detailed knowledge of equestrian facilities and maintenance, resulting in a dramatic mark-up in projected costs. This is apparent in the budget process used to estimate costs for labor for feeding, which calculates \$5 to deliver a flake of hay to each stall 2x/day; however, in reality, this operation takes approximately 30 seconds per stall, plus the time to move the hay from storage.

An industry standard way to make this calculation would drive from the number of personnel required to staff the facility 7 days a week and provide both the feeding and arena services required. There are currently 6 employees at the OC Equestrian Center that carry out feeding and arena services. A wage estimate with benefits for these staff, and the addition of a site supervisor, is illustrated in the table below. This calculation yields a rough markup of 387% in the LWI bid over a personnel based projection.

LPI bid horse feeding labor	\$1,343,200					
LPI bid arena maintenance	\$268,275					
LPI bid total labor	\$1,611,475					
	est. hourly wage	annual salary	est. benefits (35%)	total compensation	number of staff	cost
site supervisor	28	\$58,240	\$20,384	\$78,624	1	\$78,624
employees	20	\$41,600	\$14,560	\$56,160	6	\$336,960
total labor						\$415,584

Separating out arena maintenance, which is charged as a fixed price (e.g. per 'drag'), perhaps to allow for maintenance of heavy equipment, improves this discrepancy only slightly, to a 323% increase over a personnel based projection.

While one can assume a 10-30% profit margin for most industries, the LWI bid is vastly outside that margin; moreover, analysis of data from the Lofstrom report, which shows current operations at the OC Fairgrounds to be running at a several hundred thousand dollar profit.

Together, these data raise significant concerns with the fundamental basis of the LWI bid. Selection of the LWI bid by the board would represent a financial burden to the OC Fairgrounds that, if implemented, would either result in a significant deficit or board fees that are nearly double those of surrounding facilities - again, with no enhancement of facilities or services. Should this happen, it would make the Equestrian Center at the OC Fairgrounds unsustainable, negatively impacting access to this core aspect of the agricultural history of Orange County for its residents.

Under CA Department of General Services guidance 1404.2, if no responsible bids are received from responsive bidders, the bid solicitation may be canceled and the bid re-set to modify restrictive requirements and efforts made to broaden the number of potential suppliers. Broadening the number of potential suppliers could be addressed by communicating the bid solicitation to the vendors currently servicing other regional sites, for which we have an existing list of contacts. We respectfully note that under California law, review of bids should include a technical review committee with a pre-hoc bid scoring system, and that the outcome of that committee's review should be presented to the board in full. We ask that, prior to review of new bids, a technical review committee be constituted, including at least one representative from the Equestrian Center.

Finally, it should be noted that despite the solicitation for a new bid contract, the day to day operations management of the Equestrian Center at the OC Fairgrounds has been in business since 1979, and should not be considered a start-up. Accordingly, in addition to the points noted herein, we feel strongly that the terms of the bid set should require comps with other local facilities and costs/quotes should be included in the bid to demonstrate that the bidder is both responsible and responsive. Additional areas in which the original bid set could and should be revised to encourage a broader response from qualified responsible bidders in the area have been addressed in other documentation submitted to the board.

Thank you for your time in reviewing this information, and again, for your efforts in securing a new operations contract for the Equestrian Center at the OC Fairgrounds.

Aileen Anderson