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Sent: Thursday, October 5, 2023 8:50 AM
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Cc: Michele Richards; Summer Angus
Subject: Letter from Equestrian Center Task Force
Attachments: EqCClarificationsOct2023 (1).pdf

Dear Members of the OC Fair Board,

Please find attached a letter I wish to submit on behalf of OC Fairgrounds Equestrian Center Task Force addressing some of the issues discussed at the Board meeting on September 28th, 2023.

Thank you in advance for your time and consideration,
Leigh-Ann Kazolas

October 4th, 2023

Dear OC Fair Board of Directors,

Thank you for your directive to continue operations at the Equestrian Center (EqC). Listening to the ongoing conversations over the years has made us realize that much of the discussion and perhaps the sudden urgency to make changes seems to be based on some assumptions that we would like to clarify.

1. Operational Net Losses are a Gift of Public Funds: It seems that equestrian centers in California are exempt from the state's Gift of Public Funds laws. This means that public agencies can give financial assistance to equestrian centers without breaking the law. The exemption is based on the public purpose of equestrian centers which is to provide recreational opportunities to the public. The EqC was constructed by the 32nd DAA with public purpose in mind. It was not constructed or intended to be a private gift to anyone. California courts have found that when such spending serves a public purpose, it is not a gift of public funds even if it also incidentally benefits private individuals or entities. See *City of Oakland v. Garrison* (1924) 194 Cal. 298, 302: “Where the question arises as to whether or not a proposed application of public funds is to be deemed a gift within the meaning of that term used in the constitution, the primary and fundamental subject of inquiry is as to whether the money is to be used for a public or private purpose. If it is for a public purpose within the jurisdiction of the appropriating board or body, it is not, generally speaking, to be regarded as a gift.”

2. Boarding Income Must Fully Cover All EqC Expenses: One of the purposes of the 32nd DAA as directed by the State of California is “*to construct, maintain and operate recreational and cultural facilities of general public interest in Orange County*”. (<https://ocfair.com/public-information/>). This purpose seems to indicate that the District is responsible for the construction, maintenance, and any capital improvements of the equestrian center as one of its recreational facilities. Additionally, given the above, it seems as though the District would be responsible for the purchase of the heavy equipment it needs to maintain the facilities given to them by the State to operate, rather than expecting the customers' rental fees to cover that expense.

3. The EqC is Only for Private Users. The Equestrian Center is not just a private "horse hotel." It is a public space with many uses, is used by many members of the public daily and it has the potential for much more public use and programming as the Board recognized in its Strategic Plan discussions and goals. The EqC's boarders and trainers are continually giving back to the community through a variety of public outreach efforts. These efforts have included free horsemanship classes and open houses available to any member of the public, on-site therapy programs, and educational equine encounters for community programs such as, but not limited to, Save Our Youth (SOY), Orangewood Home, and Girl/Cub Scouts. There have been regularly hosted field trips for local schools and residents of local senior centers. In addition, there are two on-site non-profits that provide low-cost or no-cost riding lessons, vaulting lessons, and camps to disadvantaged youth. These programs help provide opportunities for people of all ages and backgrounds to experience the benefits of horses, including improved mental and physical health, increased self-confidence, and a sense of belonging to a community.

4. The Previous Operator was Derelict in his Duties: The previous operator's contract required him to perform regular maintenance and repairs only. The verbiage of the contract also states that the "District shall give the Contractor at least thirty (30) days' notice prior to making any improvement to the Premises" which implies that the Contractor could and should expect improvements to be made by the District. Additionally, for six years, the Operator's contract was on a month-to-month basis. It is unrealistic to expect a monthly caretaker to invest in capital improvements if they are only contracted on a temporary basis. EqC users urged the District to do a walk-through with the operator prior to the end of his contract and to provide him with a list of any defaults that needed to be remedied before his departure. We are unsure if this happened. However, the District did purchase items from the Operator at the end of his contract term and did not withhold any funds that could have been used to pay for deferred maintenance or improvements.

5. The EqC was Previously Profitable because Workers were Exploited: The District's own 2019 EqC Study shows no proof of this.

6. The District Could Not Operate the EqC Profitably: Current boarding rates are comparable to other local public facilities that are profitable. Huntington Beach, Serrano Creek, Peacock Hill, Lakewood, and Santiago are all public equestrian centers operating profitably on public land. The costs that the District are currently incurring and/or predicted to incur in the budget scenarios presented by the CEO are significantly above industry standard. Hybrid models (such keeping daily management and maintenance in-house and contracting out the animal care) or Job-Sharing with other on-site departments seem to be cost-saving ideas that have not, to our knowledge, been presented to the Board.

7. Occupancy is Low because there is No Demand: There is a high demand for public horse boarding and equestrian activities in our ever-urbanizing world. Private facilities are being sold to developers and it is up to public entities such as the 32nd DAA to preserve such spaces. However, the public has lost trust that the District is committed to maintaining an EqC on its property based on its tumultuous and precarious history. There has been no promotion of the facility since the District took over management. The EqC has not been mentioned on any of the OC Fair's social media platforms and no public tours, open houses or educational programs have been provided by the Fairgrounds management or staff, to our knowledge, despite the Board's Strategic Plan goals.

Hopefully the clarifications of these key points can help drive future conversations and fully-informed decision-making. As always, we are available to engage in a dialogue in whatever format the Board would find most productive.

Sincerely,

The OC Fairgrounds Equestrian Center Task Force