
From: Michele Richards
Subject: Letter to OCFEC Board of Directors
Attachments: March 23 24 CB response to agenda item 9B.pdf; attachment Board of Directors governance 11 16 22.pdf

From: [carolynbeaver](#) [REDACTED]
Date: March 25, 2024 at 8:56:10 AM PDT
To: Nick Kovacevich <nkovacevich@ocfairboard.com>, Barbara Bagneris <bbagneris@ocfairboard.com>, Tanya Bilezikjian <tbilezikjian@ocfairboard.com>, Dimetria Jackson <djackson@ocfairboard.com>, Douglas La Belle <dlabelle@ocfairboard.com>, Newton Pham <npham@ocfairboard.com>, Natalie Rubalcava-Garcia <nrubalcava-garcia@ocfairboard.com>, Robert Ruiz <rruiz@ocfairboard.com>
Subject: Letter to OCFEC Board of Directors

Please see attached letter, copied below for your convenience.

March 23, 2024

Dear Board of Directors:

I am unable to attend the next Board meeting due to prior travel plans, so I am writing this letter to provide input in advance. I only learned of exactly what management is recommending yesterday, on March 22, just 6 days prior to the scheduled meeting.

While I understand the desire to ensure that boarders and trainers are not subsidized by the state, it is critical to ensure that the Equestrian Center is operated at competitive costs. As has been previously pointed out by several equestrians, including me, the Lopez Works contract includes extraordinarily high costs. Yet, despite our objections expressed in November 2022, you approved the Lopez Works contract and have it allowed to continue for over 15 months. As just one example, the feeding and stall cleaning is currently \$465 per month per horse, which is an extraordinarily high rate of \$15.50 per day per horse. That equates to over 37 minutes per day at a rate of \$25 per hour. We know that is way more time than is required to clean the stall and feed twice per day.

The Board decided to delay the request for bid process to find another operator. OCFEC management has not yet implemented cost efficiencies which can and should be obtained. Also, management has not yet sought to fill the Equestrian Center to its capacity, as you are working to develop more public benefit programs. You made the choice to delay seeking a cost competitive solution; these are not costs which should be passed on to the public boarders (including trainers).

It is shocking to me, and I am sure the rest of the boarders, that staff would propose such a significant increase in the boarding rates. The members of the public who board and who take lessons will be negatively impacted by this increase and the need for trainers to raise rates for lessons which are offered to the public. This will significantly reduce affordability for the public. Considering amenities offered and whether or not feed is included, the proposed rates are higher than other competitive facilities. As a result, the occupancy will likely decline which would reduce the availability of the existing quality public benefit programs which have already been being provided by the trainers, which you heard so much

about in recent meetings. A decline in occupancy will reduce your ability to spread fixed costs to a number of boarders.

I respectfully suggest that you delay any increases in rates until you improve the cost profile of the Equestrian Center by eliminating the exorbitant Lopez Works contract. In November 2022, and since then, we told you that contract was a mistake, and the boarders (aka the public) should not be required to pay for your financial mismanagement.

Resume the request for bid process to find an operator who can manage the facility efficiently at competitive costs.

Continuation of the Lopez Works contract is fiscal mismanagement. You do not solve the problem by shifting costs to the boarders, you should solve it by issuing the request for proposal immediately.

Furthermore, you have proposed to charge the trainers a fee of \$400 per month. The trainers are already paying for the use of the facility through the board which they pay for the horses they own. The lesson programs are barely profitable for the trainers as it is, and these programs provide many of the public benefits you have heard about in recent meetings. An additional monthly charge is not competitive with other facilities, and should not be passed on to the trainers. The OCFEC benefits from the clientele which trainers attract to the facility and fill stalls. An additional fee will result in a decline in occupancy as trainers will need to find other alternatives. Trainers are the glue which holds the Equestrian Center together. Their knowledge and experience are what you need to provide public benefits, and you should work to attract trainers rather than drive away their business.

Exercising sound financial management will enable you to provide the basis for the public benefits which you are developing and continue the existing public benefit programs currently enjoyed by so many through the lessons, camps and other programs offered by various trainers, as you have heard about in previous meetings.

Best regards,

Carolyn Beaver

Via email

Attachment: Board of Directors governance 11 16 22 – see below

November 16, 2022

To the Members of the Board of Directors

Orange County Fair & Event Center

Dear Directors:

The consent calendar for this Thursday's meeting includes a proposed contract with Lopez Works Inc. (LWI) to provide services to the Orange County Fairgrounds Equestrian Center for horse feeding, stall cleaning, and arena maintenance services. To properly exercise the Board of Directors' fiduciary duty, this contract must be removed from the consent calendar for the directors to fully discuss this contract.

Board Policy 2.01: Institutional Values, states: "We are committed to serving as faithful stewards of the 32nd DAA's property, resources, and institutional values by acting in the best interest of the 32nd DAA."

The LWI contract will cause the 32nd DAA to lose \$1.4 million per year compared to the existing service provider. This loss in large part represents a transfer of assets from the 32nd DAA to a private contractor for NO public benefit. Furthermore, the proposed contractor has no experience in providing the proposed services, and therefore subjects the 32nd DAA to additional risks which are not compensated for in the contract.

The Board needs to exercise its responsibilities for governance and **reject** the contract in its current form. The bid needs to be revised to ensure that its requirements are accurate and that it reflects the current industry standards of operation by experienced personnel and competitive costs.

Sincerely,

Carolyn Beaver

March 23, 2024

Board of Directors
Orange County Fairgrounds and Event Center

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