
From: carolynbeaver
Sent: Sunday, October 13, 2024 10:39 PM
To: Michele Richards; 'Nick Kovacevich'; bbagneris@ocfairboard.com; djackson@ocfairboard.com; tbilezikjian@ocfairboard.com; nrubalcava-garcia@ocfairboard.com; dlabelle@ocfairboard.com; npham@ocfairboard.com; rruiz@ocfairboard.com
Cc: OCF Executive
Subject: Steps forward for Equestrian Center and Ranch Equine Program
Attachments: Signed Letter RE Duress.pdf

Please see attached letter. We hope that you will move forward quickly with an RFP for an operator to fill the needs of the Equestrian Center program at the Ranch. We believe that this is in the best interest of the public, and will help with the future development of equine programs which you have stated that you intend to provide as part of the Ranch program.

Best regards,
Carolyn Beaver

October 10, 2024

Board of Directors

Orange County Fair and Event Center

Costa Mesa, CA 92626

Re: OCF Equestrian Center Contracts

Dear Director:

Following is a brief summary of concerns of the public boarders at the Equestrian Center, how we got here, the current issues, and our suggestions for a plan going forward for boarding and training including enhanced public benefits at the Equestrian Center.

How we got here

For more detail on the background which led to the increase in rates and the contract disputes, please see the attached "Table Timeline". To summarize briefly:

The Equestrian Center was operated for years at a profit by the prior operator for the OCFEC; however the OCFEC Board decided to take over management beginning in 2023. The facility was operated at capacity with a waiting list of boarders.

In late 2022, the OCFEC management sent an invitation for bid to only two firms, and received only 1 bidder.

Nov 2022 Boarders told the Board that they would lose over \$1 million per year under the proposed contract, and that the contract should not be approved, yet it was approved. Board members stated that it was "an investment" in a start-up operation.

Jan 1, 2023 Began operations under OCFEC management, contracting with LopezWorks to provide stall cleaning, feeding and arena maintenance, losing approximately \$100K per month, as predicted.

April 27, 2023 Board began discussing its concern about a gift of public funds due to the losses being incurred. Over the upcoming months, public boarders asserted that the loss was not a gift of public funds, and instead that the higher costs were the result of mismanagement.

March 28, 2024 Board stated that they approved the rate increases; however the vote actually failed pursuant to Board policy. Staff moved forward to implement the rate increases and added additional terms including a 50% deposit for existing boarders, which had not been required previously.

May 24, 2024 Board recognized that the March vote failed. The Board approved the increase in rates via consent agenda despite the public opposition; staff had already sent the contracts (on or before May 17, prior to Board approval) to be signed by boarders no later than June 14, 2024, the expiration date of existing contracts.

June 27 Board approved additional Equestrian Center rental contracts, effective June 15.

The current issues

Several of the boarders signed contracts by the required date of June 15, but with edits to define the space available for use, to remove certain additional fees, and to remove the 50% deposit. However, several of the boarders did not sign due to these concerns, and requested meetings or discussions of contract terms. These boarders were emailed by the staff that “no changes could be made”. However, there have previously and subsequently (eg Walk Intuit) been contracts which have been changed from the standard contract that these boarders were required to sign or face eviction.

We, the undersigned, are writing to inform and/or remind the Board that we signed our contracts, in many cases under extreme duress after illegal self-help measures and threats made by OC Fair staff. Some of us signed after:

threats of eviction;

the exercise areas for our horses were fenced off, as a result we were not able to properly exercise our horses and people and animals were getting hurt; and

a very hostile campaign was waged to change our legal status from holdover tenant to “licensee”.

Furthermore, staff has not performed activities as the Board has directed. They have not met with stakeholders to collaborate. We have seen no evidence that staff looked for any savings in the LWI contract. In fact LWI did NOT cut anything as previously represented; they merely reworked their ‘math’ recalculating their costs for 365 days a year vs. 30 days a month and other nominal changes reflecting differences in their actual work vs. their proposal. They did not reduce the rates which they charge.

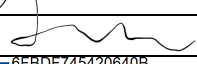
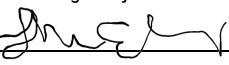

We feel the Board needs to know that we signed the unconscionable contract only after the illegal self-help measures taken by OC Fair staff and subsequent threats of further self-help actions. It is only after being subjected to this treatment by staff that we signed the contracts due to our desire to continue being able to board and train our horses in a location accessible in Costa Mesa and to continue the public programs which are valued by so many as evidenced by the hours of public comments received at numerous Board

meetings and over 1800 letters received by the Board. The public benefits of the EXISTING public programs was recognized and the Board expressed interest in those benefits being expanded to the general public. To provide those benefits to the public, we believe that the symbiotic relationship of boarders, trainers and lesson programs needs to exist to provide the depth of experience which is what will continue to be valued by the public.

Plan going forward

Please do an RFP this month to find another operator to operate the Equestrian Center at a reasonable cost. This RFP would also benefit the equine programs planned or to be planned by the OCFEC as part of its Ranch program. We note that the Board directed the staff to create a program which would include the ability of the public to ride horses to increase the public benefit of the facility, in addition to the other community benefits which have been presented by management to date. In order to provide such a program, we encourage the Board to contract with experienced trainers, including those currently onsite, to continue to provide the programs which have provided all of the benefits the Board has heard described on numerous occasions. The CDFA requires that such programs be operated by a contracted provider as the State insurance does not cover the direct provision of such services by the District Agricultural Associations.

Signed	Signature
One World Outreach Inc.	DocuSigned by: <i>Carolyn Beaver</i>
Carolyn Beaver	DocuSigned by: 4557EFEB31BD4F3...
Lara Maxinoski	<i>Brian Cummings</i>
Brian Cummings	DocuSigned by: 225AE21206D3437...
Chao Gao	<i>Rachael Gao</i>
Susan Gyor	Signed by: 5CA4969B189D4C3...
Brandee Hall	<i>Brandee Hall</i>
Caston Herrick	Signed by: FAA4D1B02862461...
Lilac Hill Farm LLC	<i>Cameron Liu</i>
Craig Liu	Signed by: B3F9DEC4E93247...
Eireann Morrison	<i>William Ratner</i>
William Ratner	Signed by: 65AAB54502724CD...
Melissa Reese	<i>Melissa Reese</i>
Life O'Riley Riding	Signed by: E6632B801D604B0...
Samantha Schroff	Signed by: <i>Monica Such</i>
Monica Such	Signed by: 6C4B84AEE1904D8...
Clark Taylor	<i>Clark Taylor</i>
Raquel Winder	Signed by: 56FA74D0AEC1422...
Robyn and Maxwell Wittenberg	<i>Robyn Wittenberg</i>
Denise Xagorarakis	DocuSigned by: <i>Denise Xagorarakis</i>
	8CA9E1EC41D547E...
Jennifer Cohen	DocuSigned by: <i>Jennifer Cohen</i>
	17EE403EA747F1...

Joanna Schielein - trailer parking only	Signed by: 
Shannon Ely McGregor - small tack shed only	DocuSigned by: 
Cara Todd	DocuSigned by: 

OC Fairgrounds Equestrian Center Timeline summary

1975 – 1982 The Equestrian Center (EqC) was conceived and constructed as a horse boarding and show facility as part of the OC Fair Board’s Master Site Plan.

2003 -2022 The EqC was reduced in size to its current 7.5 acres. The 32nd DAA awards an operator contract to Equestrian Services Inc. Base rental fees and a portion of income are paid annually to the District. Per the District’s 2019 EqC Study (conducted by former Fair CEO Doug Lofstrom in 2021), the EqC generated a net profit of \$1,099,849 after OCFEC expenses between 2011 and 2021.

2018 Master Site Plan is presented to the public. It includes demolishing the EqC and transforming it into an RV parking lot and back of house operations area. After public outcry, the Board gave public reassurance the equestrian center would stay and promised public meetings: OCRegister Story. “We aren’t going to do anything right now,” Bagneris said, adding that as the process moves forward, “We’re going to be very transparent and everyone is going to have a voice to determine the future of the equestrian center.”

April 2022 Board establishes Strategic Plan which includes direction for OCFEC to take over management and operations of the EqC, to establish it as follows: “OC Fair & Event Center’s equestrian center will serve as a true public asset to ensure greater access to a broader group of constituents throughout Orange County. It will be operated as a “best in breed” equine venue with the highest standard of care for boarded horses and animals in need of shelter during emergencies.” Strategic Plan

Proposed implementation steps included:

Year 1: Work with current operator to develop a transition plan for the operation of the Equestrian Center to include establishing administrative/accounting systems and procedures, staffing and budgeting with planning completed by the end of 2022, and self-operation beginning January 1, 2023.

Year 1: Hire an equestrian center supervisor by the end of 2022 who, after an appropriate transition period, will take over leadership of the venue beginning in January, 2023 and staff as required.

November 2022 OCF staff elect to contract out the daily operations and animal care of the Equestrian Center as part of their implementation plan.

The Board awards a 2-year contract renewable for up to 5 years to Lopez Works Inc., a street-sweeping company with a long history of contracts with the 32nd DAA and no EqC management or animal care experience, as the sole bidder.

EqC users and industry professionals warned that the bid specifications and scope of work were outside of industry standards, that that this contract would incur an annual net loss of approximately \$1.3 million (approximately \$6 million over the maximum length of the contract), and that the excessive award amount was far above industry standards and would make the EqC financially unsustainable. See Sheppard-Mullin letter of June 12 2024 which contains supporting documentation “The District’s Deficient Past Procurement and Bidding Process for OCFEC Equestrian Center; Invitation for Bid – EQC- 01-22 and Contract Award to Lopez Works, Inc. (Standard Agreement No. SA-006-23YR, dated December 1, 2022, as amended by that certain Standard Agreement Amendment, dated January 1, 2023)”.

Board members expressed comfort with the projected net losses in this public meeting, calling them an "investment" and the “expected cost of running a new business”.

March 2023 The Board awards an additional \$186,150 annual contract amendment to Lopez Works Inc. for additional arena dragging, increasing the anticipated 5-year losses close to \$7.5million.

April -May 2023 Board Finance Committee expresses concerns about accumulating losses at the EqC and instruct staff to look at ideas to close the gap between revenue and expenses.

June 2023 Staff present a budget that reflects bringing the work “in-house” and staffing the daily operations with civil service employees. Net loss ranged from ~\$233,000 to ~\$450,000 annually (depending on projected occupancy).

September 2023 Presentation of Updated Financial Projections for Self-Management Model of Equestrian Center by CEO Richards, with a request for discussion and direction from the Board. After discussion of closing the EqC immediately, the Board votes “to issue an RFP for outsourcing operation and management of the equestrian center to include

CapX and all expenses. If the results of the RFP are not successful in identifying an operator, the Board would move to shut down the facility by the end of March, 2024.”

Staff host two-listening sessions with a small, invited group of EqC users. Listening sessions were not reflected in the presented funding scenarios or the CEO’s report to the board.

November 2023 Review of Equestrian Center RFP Scope of Work Highlights and Discussion

CEO Richard explained staff drafted an RFP and shared the full details of that RFP with the Leadership Committee, but that because the RFP is a competitive bid, it cannot be shared with the full Board or public before the RFP release date.

Letter read from Supervisor Foley in support of preserving the EQC. In the letter she shares her concerns that the agenda item is the latest effort to strip away the critical public amenity the fairgrounds. The letter also asserts the facility provides space for equine users which is diminishing in Orange County. The letter urges the Board to invest and incorporate the EQC in its long-term strategies for the fairgrounds.

Equestrians expressed concern with the lack of input and discussion, and the short timeline for release of an RFA to get appropriate bids. Director Bilezikjian asked if the release date can be pushed back to hold a public workshop. Board takes no action.

December 2023 On the Board agenda is ‘Discussion Regarding the Development of Public Programming at the Equestrian Center and Vote on Next Steps’. From the minutes: “Chair Kovacevich explained Board Leadership believed that there was an issue with gift of public funds with the way that the Equestrian Center was currently being ran; OC FEC managed EQC operations at a loss with private boarders and private businesses operating out of the facility. He recounted the Board’s earlier decision to launch an RFP for management of the EQC. He announced that in hearing an abundance of input from the public and elected officials wanting public programming for therapeutic riding programs for developmentally disabled youth, teen suicide, communities of color, veterans, etc., prompted Board Leadership to want to revisit the item and reassess the decision of hiring a private operator and continuing business as usual, as well as discussing the gift of public funds. He reiterated that the Board discussion will be focused on public programming at the EQC and the gift of public funds issue.”

Action Item background presented to the board includes the following:

During the Board's consideration, it must determine whether or not the equestrian center is currently being used for a public or private purpose. The following questions should be addressed:

1. Is the equestrian center currently serving a public purpose?
2. Is the District receiving adequate consideration for the expense of the equestrian center?

If from the discussion the Board determines the equestrian center is serving a public purpose, it can choose to continue funding the equestrian center operations at a loss or continue the current RFP process to identify a potential independent operator to alleviate the District's financial losses as voted on by the Board at its September 2023 meeting. If, however from the discussion the Board determines the equestrian center is serving a private purpose using public funds, it can choose to either continue the current RFP process to identify an independent operator or direct staff to research and recommend how the property (7.5 acres) could be used to serve a public purpose and meet the Board's expectations of "providing public programming to the maximum benefit of the public."

Hours of public comment on the value of the public programs at the equestrian center follow: December Transcript.

At the end of comment, the Board did not call a vote to address on whether the operating deficit is a Gift of Public Funds.

The Board instead voted to "put the Request for Proposal for management of the Equestrian Center on hold, to notify the current operators that the model is going to be changing effective June 2024 and direct staff to work with the Board the public and other stakeholders to come up with a new model between now and June 2024."

January 2024 New Community Equine Center announced; Board recommends that CEO meet with stakeholders, public, community groups and equine experts. Press release: OC Fair Board approves new vision

Staff report that they have "initiated exploratory discussions with industry and community resources that have expressed an interest in assisting with building this vision and agreed to be part of an advisory group." These resources include: Equine and equestrian experts, Theresa Sears and Doug Lofstrom."

February -March 2024 Theresa Sears has multiple meetings with CEO Richards to seek common ground as a neutral party with extensive equestrian experience. After meeting with regional equestrian industry representatives, and potential operators for the

OCF EqC, Ms. Sears presents a draft proposal for management to CEO Richards per their ongoing discussions that would board 100 horses in compliance with California labor laws projected to yield an annual operational profit of over \$300,000, and reports this option at the fair board meeting: March Transcript including Theresa Sears report.

The Board does not discuss the work contributed by Theresa Sears at the request of OCF staff to evolve a new model, and votes 3-2 to raise Equestrian Center rental rates pursuant to the LWI contract in the March meeting. Through a phased approach, the new boarding rates would increase 45% by June 15, 2024, an additional 10% by October 1, 2024 and another 10% by January 1, 2025.

Although the board votes on rental rate increase but the vote does not legally pass, as addressed in the May Board meeting transcript. [May Transcript Link](#)

April 2024 Carolyn Beaver notifies the board in writing that the March Minutes recording a “motion carried vote” on the increase of equestrian center boarding rates is incorrect and should have failed according to Board Policy 3.05. Board elects not to review and votes to approve March minutes.

The Board is presented copies of 1270 letters from the local community and equestrians, with a request for the Board to rescind the rate increase vote, cancel the Lopez Works contract, and re-activate the December 2023 RFP.

May 2024 Board appears to violate Bagley Keene as detailed in the June 17 2024 letter from Sheppard-Mullin, regarding agenda items 5.B Board Meeting Minutes for March 28, 2024, and 7.B Rental Agreements.

New contracts sent, with submission and payment deadlines of June 15th 2024.

June 15 2024 Notice to quit eviction notices sent and delivered during a showjumping event on site with participants from other area facilities.