



COUNTY OF LOS ANGELES
DEPARTMENT OF PARKS AND RECREATION

"Parks Make Life Better!"

Norma E. García-González, Director

Alina Bokde, Chief Deputy Director

January 21, 2025

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

10 January 21, 2025

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

EDWARD YEN
EXECUTIVE OFFICER

Dear Supervisors:

**STRENGTHENING EQUESTRIAN CENTERS AND
COMMUNITY EQUESTRIAN PROGRAMMING
(SUPERVISORIAL DISTRICTS 1 & 5) (3-VOTES)**

SUBJECT

Approval of the recommended actions will delegate authority to the Director of Parks and Recreation, or designee, to terminate three concession agreements for the maintenance and operation of equestrian centers and negotiate and execute a sole source agreement with Stephens Equestrian Center, Inc. for the operation and maintenance of Frank G. Bonelli Equestrian Center, Peter F. Schabarum Equestrian Center, Marshall Canyon Equestrian Center, and Whittier Narrows Equestrian Center for a term of ten years, with an option to extend for an additional five-year term.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the proposed actions are not a project under the California Environmental Quality Act for the reasons stated in this Board letter and the record.
2. Delegate authority to the Director of Parks and Recreation, or designee, to terminate Agreement Number 10419 for the operation of the Frank G. Bonelli Equestrian Center and Agreement Number 10441 for the operation of the Marshall Canyon Equestrian Center with Stephens Equestrian Center, Inc. for convenience, effective upon execution of a sole source agreement; and Agreement Number 10418 with Hacienda Sosegado, LLC for the operation of the Whittier Narrows Equestrian Center, for default, upon Board approval.
3. Delegate authority to the Director of Parks and Recreation, or designee, to negotiate and execute a sole source agreement for ten years with a five-year option term for a maximum of 15 years, upon approval as to form by County

Counsel, with Stephens Equestrian Center, Inc. for the operation, management, and maintenance of Frank G. Bonelli Equestrian Center, Marshall Canyon Equestrian Center, Whittier Narrows Equestrian Center, and Peter F. Schabarum Equestrian Center for the reasons stated herein.

4. Delegate authority to the Director of Parks and Recreation, or designee, to execute amendments, approved as to form by County Counsel, to the sole source agreement to exercise the five-year option term, terminate the agreement in accordance with the terms and conditions of the contract, evaluate and approve adjustments to the operators' fees charged to the public, on a permanent or temporary basis, so long as fees remain reasonable and comparable to the amounts for similar goods and/or services supplied in the Los Angeles Metropolitan Area, and make other changes to the standard terms and conditions as required by the Board.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The Department of Parks and Recreation (DPR) owns four equestrian centers (Equestrian Centers) which are operated by two private operators (Operators) as follows: Stephens Equestrian Center, Inc. operates the Frank G. Bonelli Equestrian Center (BEC) (under Agreement Number 10419), the Marshall Canyon Equestrian Center (MCEC) (under Agreement Number 10441), the Peter F. Schabarum Equestrian Center (SEC) (under a temporary minor lease); and Hacienda Sosegado, LLC currently operates the Whittier Narrows Equestrian Center (WNEC) (under Agreement Number 10418). Under these Agreements, the Operators are responsible for maintaining the Equestrian Centers and providing boarding services, which include but are not limited to horse boarding, feeding twice per day, cleaning of stalls, and providing a place for boarders to exercise and wash their horse(s). In addition to maintaining the facilities and providing horse boarding services, the Operators may offer a variety of recreational activities to the public such as horse trail rides and riding lessons.

Recent market conditions have led to increases in the costs of labor, hay, water, fuel, equine boarding, and equestrian programming related insurance. These adverse conditions have placed considerable strains on equestrian centers and their operators across the County. In March 2023, DPR obtained Board authority to amend the Equestrian Center agreements to approve interim increases in the boarding rates charged to the public in order to address the unforeseen increases in the costs of goods and services, more specifically the price of horse feed, which increased exponentially. Since then, the Operators have continued to struggle to regain financial stability as the costs of operating the Equestrian Centers have continued to increase and the profit margins generated by this type of operation remain relatively low.

Low profit margins and the continuously increasing cost of goods and services have also made it difficult for DPR to attract qualified and experienced operators. On August 3, 2023, DPR issued a Request for Proposals (RFP) for the management, operation, and maintenance of the SEC. The RFP did not yield any viable proposals. As

a result, DPR subsequently cancelled the RFP and entered into a temporary minor lease agreement for the management and operation of the SEC while it strategized on how to address these issues.

The lack of interest from the private sector in taking on the operation of County owned equestrian centers has been a challenge for a long time now. In the past 20 years, most of the RFPs that DPR has issued have yielded only one proposal or have resulted with operators who have struggled to run and maintain the facility, generate revenue to sustain operations, or comply with agreement requirements. This has been the case at the WNEC facility. DPR has had to repeatedly step in and assist multiple operators or remove operators from service due to failure to pay rent and other deficiencies. At present, the current WNEC Operator, Hacienda Sosegado, LLC, is out of compliance with the required rent payments and other contractual requirements. To-date, Hacienda Sosegado, LLC owes the DPR over \$70,000 in past due rent payments, not including applicable late fees.

Given DPR's challenges with attracting qualified and experienced operators, and the adverse market conditions, it is in the County's best economic interest to terminate the agreement with Hacienda Sosegado, LLC for the operation of the WNEC for default, terminate the agreements with Stephens Equestrian Center, Inc. for the operation of the BEC, SEC, and MCEC for convenience, and enter into one sole source agreement with Stephens Equestrian Center, Inc. for all four Equestrian Centers. Bundling all centers under one agreement with one operator will assist in their successful operation as the operator will be able to achieve savings through economies of scale by purchasing goods and services in bulk for all four equestrian centers, securing the required insurance coverages under one policy instead of four individual policies, and share equipment and key operations staff for all four centers.

Stephens Equestrian Center, Inc. has approximately 20 years of experience operating County owned equestrian centers since 2005, consistently meets contract requirements and makes timely rent payments to DPR. Stephens Equestrian Center, Inc. excels at providing accessible recreational activities such as trail rides, summer youth programs, riding lessons, and day camps and already manages the operations of three County Equestrian Centers successfully.

The recommended actions will allow DPR to:

1. Strengthen Equestrian Center operations and save the time and resources associated with running multiple Request for Proposals (RFP) that are unlikely to yield any viable proposers;
2. Have a bundle agreement in place to begin addressing the issues associated with the operation of the Equestrian Centers and begin promoting the equestrian-related programming and activities, which will allow for subleasing for community programming.

3. Align the boarding fee charges at all Equestrian Centers and standardize fees throughout the County to effectively address the increases in the costs of operations;
4. Develop equitable community equestrian programming and activities throughout the County that will help promote and grow community access to equestrian activities; and
5. Partner with community-based organizations for culturally relevant equestrian programming.

As underscored by these issues, there is a pressing need for proactive and strategic intervention to support and sustain County Equestrian Centers and help grow the communities' interests in equestrian programming, activities, and partnerships. Without timely action, the County Equestrian Centers may be in jeopardy of shutting down which would not only impact local economies and increase the shortage of equestrian centers in the County, but also diminish the recreational and cultural values these activities provide to our communities.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The proposed recommendations will further the County's Strategic Plan Goals to Foster Vibrant and Resilient Communities by deploying and diffusing community resources and investments through partnership with community-based institutions, organizations, corporations, and small businesses to enhance the economic health of all communities (North Star 2.E) and Realize Tomorrow's Government Today by strengthening our internal controls and processes while being cognizant of efficiency to continue good stewardship of the public trust and fiscal responsibility (North Star 3.G).

FISCAL IMPACT/FINANCING

Based on the recommended actions, DPR will continue to receive rent revenue from the four Equestrian Centers' operations.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Board is authorized by the provision of Government Code Section 25907 to lease County parks and recreation real property for the provision of services and property improvements that are consistent with public park and recreation purposes. The proposed agreement is consistent with said purposes.

This Board letter provides a written notification to your Board as required by Board Policy No. 5.100, which requires written notice of a Department's intent to enter into sole source negotiations for a new contract.

The County leases the Whittier Narrows Recreation area, where the WNEC is located, from the Army Corps of Engineers.

County Counsel will approve the agreement as to form prior to execution.

ENVIRONMENTAL DOCUMENTATION

The recommended actions are either not subject to the California Environmental Quality Act (CEQA) because they are activities that are excluded from the definition of a project by section 21065 of the Public Resources Code and section 15378(b) of the State CEQA Guidelines or, in the alternative, are categorically exempt pursuant to Section 15301 of the State CEQA Guidelines, and Class 1 of the County's Environmental Document Reporting Procedures and Guidelines, Appendix G, because they are activities within a class of projects that has been determined not to have a significant effect on the environment. The proposed actions to terminate three concession agreements for the maintenance and operation of equestrian centers are administrative activities of government which will not result in direct or indirect physical changes to the environment. The proposed actions to negotiate and execute a sole source agreement with Stephens Equestrian Center, Inc. consist of the operation, repair, maintenance, permitting, leasing, licensing, or minor alterations of existing public structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of capacity.

In addition, based on the proposed project records, the project will comply with all applicable regulations, and it is not in a sensitive environment, and there are no cumulative impacts, unusual circumstances, damage to scenic highways, listing on hazardous waste-site lists compiled pursuant to Government Code section 65962.5, or indications that it may cause a substantial adverse change in the significance of a historical resource that would make the exemption inapplicable.

Upon your Board's approval of the recommended actions, DPR will file a Notice of Exemption with the County Clerk in accordance with section 21152 of the California Public Resources Code.

CONTRACTING PROCESS

The recommended action will allow DPR to terminate BEC and MCEC agreements with Stephens Equestrian Center, Inc., which expire between 2027 and 2028 respectively, for convenience upon execution of the new sole source agreement. In addition, it will allow DPR to terminate the WNEC agreement with Hacienda Sosegado, LLC for default, due to consistent non-compliance issues with the required rent payments and other contractual requirements. In the interim, DPR will enter into a temporary minor lease agreement for the operation of WNEC until the new sole source agreement is executed.

Pursuant to Section 2.26.120 of the Los Angeles Code, the Director of Parks and Recreation (Director), or designee, is authorized to enter into agreements for leases of real property belonging to or leased by the County. On May 1, 2024, DPR entered into a temporary minor lease agreement with Stephens Equestrian Center, Inc. for the operation

of the SEC. DPR intends to terminate or extend the minor lease agreement to align with the sole source commencement date.

DPR will enter into a sole source agreement with Stephens Equestrian Center, Inc. for the operation, management, and maintenance of BEC, MCEC, WNEC, and SEC. The proposed agreement will be for ten years, with an option to extend for an additional five-year period, for a maximum term of 15 years, subject to County Counsel's approval as to form.

DPR will comply with the requirements of Sole Source Board Policy No. 5.100, including the requirement to report to the Internal Services Department (ISD) those new sole source service contracts and sole source amendments approved by the Board. Existing agreements will be terminated upon the execution of this new sole source agreement.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommended actions will strengthen equestrian center operations, ensure uninterrupted services, and support long-term sustainability. It will also allow the Director, or designee, to promptly address operational issues, adjust fees, and support the growth of equestrian-related activities, while streamlining future modifications as needed in response to economic changes.

CONCLUSION

Please instruct the Executive Officer of the Board to forward three adopted copies of this letter to DPR for distribution. Should your staff have any questions, please ask them to contact Mr. Ruben Lopez at (626) 588-5300 or via email at rlopez@parks.lacounty.gov or Ms. Johanna Hernandez at (626) 588-5370 or via email at bjl@parks.lacounty.gov.

Respectfully submitted,



Norma E. García-González
Director

NEGG:AB:MR
RL:BT:RE:rc

c: Chief Executive Officer
County Counsel
Executive Officer, Board of Supervisors