

**BOARD REPORT**

NO. 24-165

DATE July 18, 2024

C.D. 4

**BOARD OF RECREATION AND PARK COMMISSIONERS**

SUBJECT: LOS ANGELES EQUESTRIAN CENTER -- APPROVAL OF PROPOSED BOARDING RATES FOR NEW EQUINE ANIMALS

* B. Aguirre	<u>BA</u>	M. Rudnick	_____
B. Jones	_____	C. Santo Domingo	_____
C. Stoneham	_____	N. Williams	_____

  
 \_\_\_\_\_  
 General Manager

Approved \_\_\_\_\_ Disapproved \_\_\_\_\_ Withdrawn \_\_\_\_\_

RECOMMENDATIONS

1. Approve the proposed boarding fee rates increases for new equine animals at the Los Angeles Equestrian Center as set forth in this Board Report, to be effective August 1, 2024; and
2. Authorize RAP's Chief Accounting Employee to make technical corrections as necessary to carry out the intent of this Report.

SUMMARY

The Los Angeles Equestrian Center (LAEC) is a 75-acre City equine boarding and training facility and an exhibition and banquet destination located across the Los Angeles River within the boundaries of Griffith Park. Facilities to board over 1,000 horses are available at LAEC along with rings for training and competitive equestrian contests, a 3,500 seat riding and exhibition arena and a total of 13,000 square feet of multi-use event space, including a café and wine bar open during horse show events.

LAEC, Inc. operated the equestrian center under a concession agreement from May 1990 until January 31, 2024. Under the terms of that agreement, LAEC Inc. oversaw all services, including boarding, hosting horse shows and equine competitions, facility and horse barn maintenance, horse riding rentals and instruction, commercial filming coordination and the hosting of banquets, exhibitions, and meetings.

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On May 5, 2022 the Board approved an interim agreement for a term of two years with a one-year extension option (BR 22-114) with ASM Global Arena Management, LLC (ASM) to assume the management and operation of LAEC under direct supervision by RAP. ASM assumed management of the facility on February 1, 2024 following the resolution of litigation involving the former operator and RAP.

Under the interim agreement, ASM is responsible for the following:

- maintaining the facility and grounds;
- developing horse rental operations;
- determining best strategies for ensuring continuity of service to current boarders, trainers and sub-tenants;
- improving the facility and coordinating the horse shows, general event, banquet and social event calendars; and
- identifying capital improvement needs, service enhancements and addressing any fire, life and safety concerns.

After reviewing operating costs incurred since ASM began managing the facility, ASM and RAP have confirmed that the greater investment in maintenance, general upkeep and repair of the equestrian amenities, grounds and buildings at LAEC is appropriate. Additionally, in review of existing horse boarding rates and associated revenue, some barns and boarding rates were found to be discounted well below comparable rates in the region. As such, in order to transition toward a more sustainable operating model that better supports adequate maintenance and staffing of the facility, ASM proposes the following boarding rates:

Stall Locations with Current and Proposed Boarding Rates

Stall Location	A, B & C Barns	Trainers A, B & C Barns	D, E & F Pipe Barns	D, E & F Barns Double Stalls	Polo Barns	Polo Barns Double Stalls	Trainers Polo Barn	Polo 7-Mo Barn
Current Stall Rate	\$831	\$499	\$635	\$908	\$658	\$908	\$395	\$175
<b>Proposed Stall Rate</b>	<b>\$914</b>	<b>\$582</b>	<b>\$699</b>	<b>\$1,206</b>	<b>\$735</b>	<b>\$1,469</b>	<b>\$735</b>	<b>\$193</b>
Percentage Increase (%)	10%	17%	10%	33%	12%	62%	86%	10%

As shown in the above chart, ASM recommends boarding rate increases of 10% for new equine animals boarded in stalls located in the A, B & C box stall barns and the D, E & F pipe stall barns. The bulk of the facility's boarding stalls are located within these barns. The proposed rates will cover costs and provide a small positive margin.

ASM also proposes to increase the rates of the trainer's stalls in the A, B & C barns by 17%, the double stalls in the D, E & F pipe barns by 33%, the polo barns by 12%, the double stalls in the polo barns by 62%, the trainer's polo barn stalls by 86% and the polo seven-month stalls by 10%.

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Historically, many of these stalls have been rented at a loss. For example, the City is losing \$273 per stall under the current rate for the trainer's polo barns; the proposed rate increase of 86% is necessary to bring the cost per stall to a sustainable level.

**Please note that the proposed rates will only apply to equine animals that are not currently boarded at the facility.** RAP staff is working with ASM to evaluate the rates paid by current boarders and determine appropriate increase in rates to promote a more sustainable operating model for LAEC. Staff will present those rates to the Board for approval at a later date.

ASM provided a list of rates at other local facilities, and the proposed rates for LAEC are in line with market rates at those facilities. It should be noted that most of the facilities used for comparison are privately owned facilities and therefore are not subject to the Living Wage Ordinance and insurance requirements that City contractors (including ASM) must meet. In recognition of the additional costs arising from these obligations, the proposed LAEC rates are approximately \$100 per month more than the average of the comparison rates.

Staff recommends the proposed boarding rates take effect no earlier than August 1, 2024.

### TREES AND SHADE

The approval of this Report will have no impact on existing trees and shade at RAP facilities.

### FISCAL IMPACT

Projected LAEC revenue for calendar year 2025 is approximately \$5.1 million. Assuming all vacant stalls are occupied by new boarders at the proposed rates, the annual increase in revenue is projected to be approximately \$93,000 per year. This revenue would be used to support the facility's ongoing operating expenses.

There is no negative impact on RAP's General Fund.

### STRATEGIC PLAN INITIATIVES AND GOALS

Approval of this Board Report advances RAP's Strategic Plan by supporting:

**Goal No. 6:** Build Financial Strength and Innovative Partnerships

**Outcome No. 1:** RAP's operating budget meets the needs of the park system for all Angelenos

This Report was prepared by Rachel Ramos and Mark Stipanovich of the Concessions Unit, Special Operations Branch.

### LIST OF ATTACHMENTS

- 1) Boarding Rate Comparison Chart

Attachment to Board Report

Market Rates Venue Comps		Amenities
Marshall Canyon Equestrian Center, La Verne	\$440	16x16 pipe; includes daily cleaning, alfalfa fed twice
Huntington Beach Equestrian Center	\$681	12x24 pipe; includes hay cubes, twice daily feeding
Huntington Beach Equestrian Center	\$861	12x12 box; includes bedding, hay cubes, twice daily feeding
Flintridge	\$965	12x12 box; hay included, cleaned twice daily, 2-3 daily feedings
Hansen Dam Horse Park	\$775	12x12 box; recent Army Corps approval for full amenities stalls
Triple R Boarding Stables	\$656	12x12 box; shavings, mucked 2x, no hay, pellets
The Paddock	\$895	12x12 box; shavings, mucked 1x, optional hay, pellets twice daily
San Pascual Stables	\$785	12x12 box; shavings, mucked 2x, feeding 2x, hay offered for additional fee
La Tuna Stables	\$650	12x24 pipe; shavings, mucked, hay offered for additional fee
<b>Current LAEC Rates</b>	<b>Box stalls</b>	<b>\$831</b>
	<b>Pipe stalls</b>	<b>\$635</b>
<b>Proposed LAEC Rates</b>	<b>Box stalls</b>	<b>\$914</b>
	<b>Pipe stalls</b>	<b>\$699</b>
<b>Market Rates Venue Comps Average Rates</b>	<b>Box stalls</b>	<b>\$823</b>
	<b>Pipe stalls</b>	<b>\$590</b>