

APPROVED

Feb 20 2025

BOARD OF RECREATION AND PARK COMMISSIONERS

BOARD REPORT

NO. 25-019

DATE February 20, 2025

C.D. 4

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: TRANSFER OF RECREATION AND PARK FUNDS TO MEET THE OPERATIONAL NEEDS AT THE LOS ANGELES EQUESTRIAN CENTER

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

General Manager

Approved X

Disapproved _____

Withdrawn _____

RECOMMENDATIONS

1. Authorize the Department of Recreation and Park (RAP) Chief Accounting Employee to transfer One Million-Nine Hundred Thousand Dollars (\$1,900,000) in RAP's funds from Fund 205, Department 88, Account, 88000H to Fund 205, Department 88, Account 88YMLU for use by RAP to fund the operational needs at the Los Angeles Equestrian Center (LAEC);
2. Approve the allocation of One Million-Nine Hundred Thousand Dollars (\$1,900,000) from RAP's funds, Fund 205, Department 88, Account 88YMLU to fund the operational needs at LAEC;
3. Authorize the RAP's Chief Accounting Employee to deposit One Million-Nine Hundred Thousand Dollars (\$1,900,000) from Fund 205, Department 88, Account 88YMLU into the LAEC account owned by RAP to fund the operational needs at LAEC;
4. Adopt the Resolution attached hereto as Attachment 1 authorizing the transfer, allocation, and deposit of funds to meet the operational needs of LAEC in accordance with this Report; and,
5. Authorize the 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 seventy-five (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 one thousand (1,000) horses are available at LAEC along with rings for training and competitive equestrian contests, a three

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thousand five hundred (3,500) seat riding and exhibition arena and a total of 13,000 square feet of multi-use event space, as well as a café and wine bar open during horse show events.

LAEC, Inc. operated the equestrian center under a concession agreement since May 1990 under a twenty-five (25) year contract term. Under the terms of the 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, social and business meetings.

On May 5, 2022 the Board of Recreation and Park Commissioners (Board) approved issuance of a ninety-day termination notice to LAEC, Inc. and a two-year interim agreement with a one-year extension option (BR 22-114) for ASM Global, Inc. (ASM) to assume the management and operation of LAEC utilizing a management model similar to that of the Greek Theater, which is managed by SMG, a subsidiary of ASM. In June 2022, RAP issued a ninety-day termination notice to LAEC, Inc. The notice was contested by LAEC, Inc. and litigation was initiated.

LAEC, Inc. continued operating the facility while litigation was ongoing. After a court trial, a Superior Court judgement ruled in the City's favor and determined that the original contract terms were not renewed and that the set term expired after twenty-five years, in May of 2015. LAEC, Inc. thereafter vacated the premises on January 31, 2024. ASM assumed full operational management of the facility on February 1, 2024. A City Council-approved settlement allowed RAP to assume ownership of the facility's vehicles, equipment, furniture and fixtures throughout the administrative offices, banquet and kitchen facilities and the grounds housing the equine stables, offices and arenas.

Under the terms of the interim agreement with ASM, ASM is charged with the following: maintenance of 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 show arenas and coordinating the horse show, general event, banquet and social event calendars; and identifying capital improvement needs, service enhancements and addressing any fire life safety concerns.

In preparing an operational budget for LAEC for the calendar year 2025, RAP staff noted that the operating costs of LAEC would exceed the amount of revenue to be collected during the year by approximately \$1,700,000. Additionally, LAEC has been responsible for board and care in the displacement of large animals during the recent wildfire emergency. RAP staff will be seeking reimbursement from the Federal Emergency Management Agency (FEMA), however that funding may take time to recover. Estimated emergency costs are \$200,000.

RAP staff is recommending that funds be made available to ASM (through the actions of this Board report) for the continued operation of LAEC for calendar year 2025.

RAP staff will report back to the Board on a business plan for the operation of LAEC as directed by the Board at the December 19, 2024 Board of Recreation and Park Commissioners meeting.

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TREES AND SHADE

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

FISCAL IMPACT

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

LIST OF ATTACHMENTS/EXHIBITS

1) Resolution

RESOLUTION NO. _____

WHEREAS, the Los Angeles Equestrian Center (LAEC) is a seventy-five (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 one thousand (1,000) horses are available at LAEC along with rings for training and competitive equestrian contests, a three thousand five hundred (3,500) seat riding and exhibition arena and a total of 13,000 square feet of multi-use event space, as well as a café and wine bar open during horse show events; and

WHEREAS, LAEC, Inc. operated the equestrian center under a concession agreement since May 1990 under a twenty-five (25) year contract term, which was subsequently terminated as authorized by the Board of Recreation and Park Commissioners (Board) (BR 22-114); and

WHEREAS, on May 5, 2022 the Board of Recreation and Park Commissioners approved a two-year interim agreement with a one-year extension option (BR 22-114) for ASM Global, Inc. (ASM) to assume the management and operation of LAEC; and

WHEREAS, LAEC, Inc. continued operating the facility while litigation was ongoing. After a court trial, a Superior Court judgement ruled in the City's favor and determined that the original contract terms were not renewed and that the set term expired after twenty-five years, in May of 2015. LAEC, Inc. thereafter vacated the premises on January 31, 2024. ASM assumed full operational management of the facility on February 1, 2024. A City Council-approved settlement allowed RAP to assume ownership of the facility's vehicles, equipment, furniture and fixtures throughout the administrative offices, banquet and kitchen facilities and the grounds housing the equine stables, offices and arenas; and

WHEREAS, under the terms of the interim agreement with ASM, ASM is charged with the following: maintenance of 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 show arenas and coordinating the horse show, general event, banquet and social event calendars; and identifying capital improvement needs, service enhancements and addressing any fire life safety concerns; and

WHEREAS, additional funds are required to meet the operational needs of LAEC for Calendar Year 2025.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Recreation and Park Commissioners (Board):

1. Authorize the Department of Recreation and Parks (RAP) Chief Accounting Employee to transfer One Million-Nine Hundred Thousand Dollars (\$1,900,000) in RAP's funds from Fund 205, Department 88, Account, 88000H to Fund 205, Department 88, Account 88YMLU for use by RAP to fund the operational needs at the Los Angeles Equestrian Center (LAEC);
2. Approve the allocation of One Million-Nine Hundred Thousand Dollars (\$1,900,000) from RAP's funds, Fund 205, Department 88, Account 88YMLU to fund the operational needs at LAEC;
3. Authorize the RAP's Chief Accounting Employee to deposit One Million-Nine Hundred Thousand Dollars (\$1,900,000) from Fund 205, Department 88, Account

88YMLU into the LAEC account owned by RAP to fund the operational needs at LAEC;

BE IT FURTHER RESOLVED, that the Board authorizes RAP's General Manager, Chief Accounting Employee, or their respective designee to make technical corrections as necessary to the transaction referenced herein to carry out the intent of the transfers.

I HEREBY CERTIFY, that the foregoing is a full, true and correct copy of a Resolution adopted by the Board of Recreation and Park Commissioners of the City of Los Angeles at its Regular Meeting held on February 20, 2025 (Board Report No. _____).

TAKISHA SARDIN, BOARD SECRETARY

RESOLUTION NO. _____