

APPROVED
OCT 03 2007

REPORT OF GENERAL MANAGER

NO. 07-232

DATE October 3, 2007

**BOARD OF RECREATION
and PARK COMMISSIONERS**

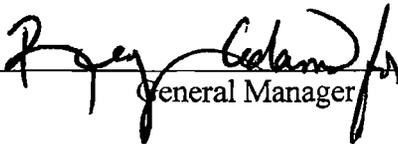
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BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: LOS ANGELES EQUESTRIAN CENTER – AMORTIZATION INCREASE
FOR BOARDING PATROL HORSES FOR THE PARK RANGERS
DIVISION

R. Adams _____
V. Israel _____
H. Fujita _____
S. Huntley _____

J. Kolb _____
*F. Mok fm
K. Regan _____
M. Shull _____



General Manager

Approved _____

Disapproved _____

Withdrawn _____

RECOMMENDATION:

That the Board approve the amortization, of up to \$12,000 annually, to concession operator Los Angeles Equestrian Center, Inc. (LAEC) for the boarding at the Los Angeles Equestrian Center of horses for the Department's Park Rangers Division, to be effective October 1, 2007.

SUMMARY:

On July 9, 2003, the Board approved Board Report No. 03-245 which authorized LAEC to amortize, up to \$9,600 annually, by deducting from their monthly concession rent, the Department's discounted boarding fee of \$200 per month per horse for up to four horses. Due to a rise in operating costs, LAEC has proposed that the discounted rate be raised to \$250 per month per horse for up to four horses.

Since Board Report No. 02-345 was approved in 2003, the following items have affected operating costs at LAEC:

- LAEC Employee Salaries: The hourly Minimum Wage has increased three times since 2003 and will be raised another \$0.50 in January 2008;
- Fuel Prices: The price for fuel has risen significantly since 2003. LAEC must transport fresh hay for the horses on a weekly basis;

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- Hay Prices: The price for hay has risen from \$158 per ton to \$188 per ton in the past two years;
- Shavings: The price for shavings, used as bedding in the stalls, has risen from \$9.50 per yard to \$11.50 per yard in the past two years;
- Other costs: The costs of maintenance equipment, insurance, workers' compensation, and utilities have also risen significantly over the past several years.

The proposed amortization increase of up to \$12,000 annually will allow LAEC to maintain the current level of service while keeping the rates below the non-discounted rate of \$455 per month per horse.

FISCAL IMPACT STATEMENT:

The increase of \$50 per stall for up to four stalls a month for twelve months is an annual increase of \$2,400 in concession rent reduction. As ninety percent (90%) of concession rent is deposited into the Department's General Fund, the rate increase will negatively impact the Department's General Fund by approximately \$2,160 annually.

The remaining ten percent (10%) of concession rent is deposited into the Concession Improvement Account, the rate increase will negatively impact the Concession Improvement Account by \$240.00 in concession rent reduction.

Report prepared by Désirée Guzzetta, Management Assistant, Concessions Unit