



Minutes

Lakewood City Council

Adjourned Regular Meeting held
September 10, 2019

MEETING WAS CALLED TO ORDER at 6:00 p.m. by Mayor Rogers in the Executive Board Room at the Civic Center, 5000 Clark Avenue, Lakewood, California.

ROLL CALL: PRESENT: Mayor Todd Rogers
Vice Mayor Jeff Wood
Council Member Steve Croft
Council Member Diane DuBois
Council Member Ron Piazza

CITY OF LAKEWOOD RECREATION LEASE AGREEMENT FOR THE LAKEWOOD EQUESTRIAN CENTER

City Manager Thaddeus McCormack summarized recent developments regarding the disposition of the Lakewood Equestrian Center. He stated that the business model for an agreement that the City had intended to propose was for a concessionaire that could attract boarders and who had the financial wherewithal to invest their money into the property and make improvements to the aging and deteriorating site and residence. He reported that in the last week, it was discovered that issues involving the roofing and electrical aspects of the property required additional investment for even more needed improvements and added costs than initially planned. He explained that options to consider included continuing the site as an equestrian center, development as an entryway into the City or some type of passive recreation use.

CLOSED SESSION:

At 6:12 p.m., Mayor Rogers announced that the City Council would recess to a closed session.

CONFERENCE WITH LABOR NEGOTIATORS – Pursuant to Government Code §54957.6
Agency Designated Representative: City Manager, Office of the City Attorney and Liebert Cassidy Whitmore, Director of Administrative Services, Assistant to the City Manager, Human Resources Manager, Personnel Technician
Employee Organization: Lakewood City Employees' Association

At 6:23 p.m., the City Council reconvened with all members present. No action was taken.

CITY OF LAKEWOOD RECREATION LEASE AGREEMENT FOR THE LAKEWOOD EQUESTRIAN CENTER - Continued

Valarie Frost, Director of Recreation and Community Services, displayed slides and made a presentation based on the report in the agenda. She provided a brief history of the Lakewood Equestrian Center by stating that Glenn Spiller had purchased the property in 1946 and operated the stables as a working ranch prior to selling the property to Juan de Cordova. She reported that the City had purchased the property in December 1979 and Sandie Mercer Stables Inc. began operating the facility in 1987 on a twenty-five year contract. She described the Equestrian Center activities, boarding and programs and explained that the original agreement had been amended ten times since its expiration in 2012 with periodic extension noting that the current agreement was effective through September 30, 2019. She further stated that a user survey had been conducted and a City-led user's roundtable had been held in January. Ms. Frost indicated that following direction from the Park Development Committee, staff solicited proposals for an experienced and qualified equestrian center concessionaire to improve, operate and maintain the Lakewood Equestrian Center. She stated that five proposals had been received and after a rating and background investigation process, Michele Bloomquist Training Stables, doing business as GRB Ranch, was selected to enter into a lease agreement with the City to operate and maintain the Lakewood Equestrian Center beginning October 1, 2019. She explained that the recommended ten year lease agreement had a one year probationary period at which time, the concessionaire would be closely evaluated on performance, conduct, aptitude and abilities. Ms. Frost noted that monthly lease fees to the City would be five percent of all gross receipts and the lessee would pay three percent of gross receipts into a capital improvement fund during the first year of the lease term and then again during the fourth through tenth years. She added that the term length and fees supported the City's interests in working with a concessionaire who would provide the financial resources needed to initiate and complete much needed facility improvements. She presented GRB Ranch's investment plan; estimated rent to the City; and revenue-expenditure estimates. She identified facility improvements that had been made such as the ADA restroom trailer and ramp; paved ADA parking area; office trailer and ramp; fencing along Carson Street and termite treatment on the residential house. She continued by stating that future facility improvements would include demolition of several structures; repair or replacement of the residential housing and tree maintenance.

Ms. Frost introduced Michele Bloomquist and her daughter, Hailey Bloomquist, as well as Recreation and Community Services commissioners, Kirk Real, Dave Allen and Ted Spaseff, along with department staff, who were in attendance.

Mr. McCormack explained that staff had been in negotiations with Southern California Edison regarding the lease amount. He further stated that some of the property improvements might be accomplished with potential grant funds.

Responding to questions from Council Member Piazza and Council Member DuBois, Ms. Frost stated that the horses currently boarded at the Equestrian Center required ongoing care and that a contingency plan for continued operation could last from six months to a year. She reported that a subcontractor could be hired to manage the property and the horses but regardless of such action, remediation costs would run from \$500,000 to \$1 million.

CITY OF LAKEWOOD RECREATION LEASE AGREEMENT FOR THE LAKEWOOD EQUESTRIAN CENTER - Continued

Steve Skolnik, City Attorney's Office, responded to Council Member Croft's inquiry by stating that the value of the property was dependent on its use, which might require rezoning, as well as the current market.

In response to Mayor Roger's question regarding the number of boarders, Ms. Frost reported that of the seventy seven horses boarded at the Lakewood Equestrian Center, there were eight horses owned by Lakewood residents.

Ms. Frost confirmed for Council Member Croft that since boarder agreements were between the horse owners and Sandie Mercer, they could not be terminated by the City and that a new concessionaire would have a similar arrangement.

Council Member Piazza, Council Member Croft and Mayor Rogers expressed the preference to retain the Equestrian Center use noting the intangible benefits involved; however, citing the responsibility and accountability to Lakewood residents, it was stated that such a substantial financial investment could not be supported.

At 7:21 p.m., the Adjourned Regular Meeting of the City Council was recessed for the Regular Meeting of the Lakewood City Council. At 8:45 p.m., the Adjourned Regular Meeting was reconvened.

CITY OF LAKEWOOD RECREATION LEASE AGREEMENT FOR THE LAKEWOOD EQUESTRIAN CENTER - Continued

Mr. McCormack stated that with the dynamic aspects of the situation, such as the elimination of the initially selected vendor and the discovery of the hazardous conditions to the property, retaining the use of the property as an equestrian center had become a challenge. He explained that there were also costs involved with winding down the property for non-equestrian use.

Responding to Council Member DuBois' inquiries regarding the property, Mr. McCormack explained that the business model required a caretaker, who could potentially reside in a trailer onsite; however, the proposal was a non-starter without the house for Ms. Bloomquist.

Mr. Skolnik clarified for Mayor Rogers that the proposed agreement had not been set up for a substantial investment from the proposed vendor initially as the anticipated revenues would be spread over multiple years. He further stated that due to the one year probationary period, there was no requirement for the vendor to expend any funds in the first year as there was no guarantee that she would stay on.

CITY OF LAKEWOOD RECREATION LEASE AGREEMENT FOR THE LAKEWOOD EQUESTRIAN CENTER - Continued

Council Member Croft concurred with Council Member Piazza's assessment on the difficulty with justifying support for such an investment particularly in light of the fact that it benefited only a few residents. He requested additional information on the City's legal obligations; boarding and time constraints; the decommissioning process; continuing the Edison license; and maintaining the path within Rynerson Park. He indicated the importance of determining options for alternate uses and suggested beginning the process of notification to any current boarders in order to start the clock.

Vice Mayor Wood expressed agreement with his colleagues and indicated that properly disposing of the some of the structures at the property would require a significant outlay that could be better spent elsewhere. He observed the difficulty with supporting a center that was not a premier facility.

Ms. Frost stated that staff's intent had been to develop a lease agreement that not only allowed for someone to invest in the property but also to provide oversight for the City's and lessee's responsibilities and to address insurance standards as recommended by CJPIA as well as current environmental issues.

Council Member DuBois spoke in favor of retaining the equestrian center having grown up with horses; however, she recognized that there were too many negative factors and that they had to consider doing the right thing for the community.

Ms. Frost denoted that while the revenues collected from the concessionaire over the past thirty years totaled nearly \$3 million, the City had invested only \$170,000 in the property during that period. She remarked that the current concessionaire lacked the business foresight and interest in maintaining the property.

In response to Council Member Piazza's query regarding the income generated, Ms. Frost replied that with such expenses as for insurance, hay and feed costs, electricity and water utilities and property maintenance to be covered by the concessionaire, her compensation in the first year would be minimal.

Noting the lack of support in moving forward with a new concessionaire, Mayor Rogers indicated a necessity for an all hands meeting to determine an interim plan to deal with the horses currently boarded at the facility and to consider the consequences and conditions associated with a decommissioning plan including dealing with a vacant property.

Responding to Council Member Croft's question, Philip Lopez, Parks Superintendent, explained that regardless of the concessionaire, there was a legal obligation to provide notice to the contract boarders prior to their removal.

Ms. Frost communicated the need to secure the property citing that the concessionaire had been dealing with homeless issues at the property.

CITY OF LAKEWOOD RECREATION LEASE AGREEMENT FOR THE LAKEWOOD EQUESTRIAN CENTER - Continued

Mr. Skolnik indicated that in considering the sale of the property, notice and potential right of first refusal could be required to be provided to the affordable housing community.

Mr. McCormack summarized the City Council's direction to secure an interim caretaker by reaching out to existing nearby equestrian centers and to retool the proposal to determine whether it penciled out.

Mayor Rogers expressed interest in touring the facility. He suggested the formation of an ad hoc committee and noted that nothing would be decided without the entire City Council present.

MAYOR ROGERS MOVED TO APPOINT COUNCIL MEMBER CROFT AND COUNCIL MEMBER PIAZZA TO SERVE AS MEMBERS OF THE AD HOC EQUESTRIAN CENTER COMMITTEE. THERE BEING NO OBJECTION, IT WAS SO ORDERED.

ADJOURNMENT

There being no further business to be brought before the City Council, Mayor Rogers adjourned the meeting at 9:29 p.m.

Respectfully submitted,

Jo Mayberry, CMC
City Clerk