



## Item 5-A Horsepark Ad-Hoc Committee Report

### **Background:**

In December 2020, the 22<sup>nd</sup> District Agricultural Association (22<sup>nd</sup> DAA) announced a pause of equestrian uses at Horsepark. As reported at the January board meeting, and captured again in this Committee's written report of March 9, there were a series of events that led to this decision. Correspondingly at the January board meeting, the Horsepark Ad-hoc Committee was appointed to work with staff and the community and to hold a public workshop to allow the community to express their thoughts and interests regarding Horsepark in order to allow a fuller and further discussion about regulatory requirements, fundraising interests, etc. The workshop was held on January 29, 2021.

Direction received from the board meeting on Feb. 9, 2021, was to gather additional information and provide regular updates to the board, including a better understanding of the range of cost estimates, ongoing operational costs associated with the 22<sup>nd</sup> DAA continuing to operate Horsepark, historic profit and loss of Horsepark operations and past capital investments/improvements, estimated costs for needed future capital investments/improvements including deferred maintenance, consideration for the potential changes in requirements associated with Regional Water Quality Control Board (RWQCB) permits, and to explore funding opportunities.

In addition to the written Committee Report presented at the March board meeting, the board received a copy of staff's letter to the San Diego Regional Water Quality Control Board on March 1, 2021, seeking written clarification of storm water permit coverage requirements for Horsepark. As part of the meeting presentation, staff provided the board with a review of CAFOs, the 22<sup>nd</sup> DAA's Waiver Application process during 2019-2020, information regarding the range of potential costs of storm water improvements at Horsepark, and a list of potential considerations for capital improvements at Horsepark.

### **Process and Approach:**

The Committee and staff continue to gather and review more information and anticipate that a comprehensive report will be presented to the full board in the summer months, including the financial information being presented along the way.

### **Brief History on the Acquisition of Horsepark**

The 22<sup>nd</sup> DAA's 1985 Master Plan and Environmental Impact Report (EIR) identified the need to mitigate parking impacts through the acquisition of an off-site parcel that could be used for parking during the Fair. In 1991, the Showpark of San Diego (Showpark, now known as Horsepark) became available for purchase and the 22<sup>nd</sup> DAA began the process to purchase the facility. This included an appraisal of the facility and approval by the Race Track Authority/Race Track Leasing Commission (RTA/RTLCL) for a \$5 million line item for the potential acquisition of the facility. After two years of negotiations, a purchase price of \$4.2 million was agreed upon with escrow closing on November 15, 1993.

After escrow began in August 1993, the former owner of the Showpark demanded compensation for personal property and ongoing business, costs not previously included in the appraisal of Showpark. The 22<sup>nd</sup> DAA's intentions were to continue the business activities of the facility including boarding and training of horses and

horseshow as well as park cars and provide shuttle services during the annual San Diego County Fair. On April 13, 1996, the 22<sup>nd</sup> DAA and previous owner settled the matter for \$400,000.

In 1996, the total costs paid that were associated with the acquisition of the facility were \$4.9 million. This included a purchase price of \$4.2 million, \$400,000 in the settlement, and an additional \$300,000 in improvements that were made to the facility. The name of the facility has since been changed to Horsepark.

In 2005, the 22<sup>nd</sup> DAA went before the California Coastal Commission to permit, after the fact, essentially all of the structures on the site. Unbeknownst, the previous owner never sought Coastal Development Permits for the property. The permit also included plumbing all wash racks and the existing restroom to sewer, relocation of the existing water tower, and the provision of a buffer between the facility and the wetland resources of the San Dieguito River.

Response from the San Diego Regional Water Quality Control Board (SD Reg. Board)

On March 25, 2021, the attached letter was received from the SD Reg. Board in response to the March 1 letter of inquiry. The response confirmed that in order to have coverage under the Waiver permit, the 22<sup>nd</sup> DAA must continue implementation of the waste management measures identified in the Waiver. If the storm water management measures/best management practices required by the Waiver or not being implemented, the 22<sup>nd</sup> DAA would not be covered by the Waiver. Additionally, the response confirmed that the 22<sup>nd</sup> DAA will need to enroll Horsepark in the Industrial General Permit (IGP) for Medium CAFOs (150 – no more than 499 horses). Estimates for compliance with the IGP at this level is \$3 - \$4 million, Waiver plus IGP (85th percentile Storm Event (.65").

On-Going Research

Staff continues to review grant funding opportunities including Prop. 1, San Diego County Water Authority and private funding sources. Most of the funding sources accept applications in two cycles annually. Grant funding available through state and local agencies prefer that environmental clearances have already been obtained; if not yet obtained, the application will receive a lower score. Additionally, these funding sources often require matching funds.

The Committee continues to meet regularly to review information and progress and provide guidance to staff, such as the ongoing gathering of indirect expenses related to Horsepark, other capital improvements that may be warranted, as well as market studies, with the intention to define a path forward for the Board's consideration this summer. At this time, three potential outcomes may be presented to the Board for consideration:

- 22<sup>nd</sup> DAA runs/operates Horsepark
- Public/Private partnership
- Third-party operator

A power point presentation has been prepared to supplement information provided in this report.

**Environmental/Coastal Commission Review:**

None at this time.

**Fiscal Impact:**

The complete fiscal impact of water quality improvements, capital improvements, and ongoing operational expenses are unknown at this time.