

SERRANO CREEK RANCH EQUESTRIAN CENTER

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State of the Stable



Horse people are fiercely independent, and at times that is a positive quality. But unfortunately, this spirit of autonomy has meant the horse world has been absent from the last 40 years of developing environmental regulations. While agricultural businesses like dairy, chicken, pork, and cattle have rolled up their sleeves and fought for balance regulations, the horse world never sat at the table. An example of such absenteeism is that the EPA regulations state a 150-horse stable (cleaned daily) is deemed as polluting as a 300 cow dairy (that is cleaned once every six months.) One can argue that this is not correct, but the law is what is enforced, not common sense.

In the last 30 years, we have experienced many changes required

MAY 2021

for air quality improvement, from specialized nozzles at the gas station, to reformulated paints, annual smog inspections, redesigned water heaters, etc. Our local Air Resource Board mandated these changes. There are 35 such boards in the state, each charged with developing regulations that meet federal goals while using local conditions to create specific rules based on local weather, specific pollutant levels, etc.

Another group of boards regulates water rather than air, using the same local conditions methodology. These boards are less known for many reasons. One of which is that they are about 20 years behind the Air Boards in terms of regulatory muscle. Just like smog inspections for cars might have been the first experience for many Californians of the existence of an Air Resources Board, what stables are going through is, for many, the first experience of the local Water Quality Board. Rest assured, these boards are not going away and will only gain muscle.

Dairies, pork farms, cattle feedlots, chicken ranches, etc., have been studied extensively for potential pollutants. Because these are the vast majority (both in animal size and numbers) of pollution sources of

animal husbandry, they receive 99% of the attention of regulators and environmentalists. Unfortunately, horse stables have not been adequately studied, and the water quality regulations that have been developed for them were by fiat, not science.

As part of the Clean Water Act, citizens are allowed to sue businesses on behalf of the federal government if they believe that such companies are acting in violation of EPA regulations. Neutrally put, environmental groups that are frustrated by what they perceived as laggard efforts by local, state, and federal agencies have used this citizen lawsuit provision to sue businesses directly to accelerate what they consider failure to meet regulatory compliance. A part of the law allows citizens to “recover” their costs for such efforts. Which means they will then have funds to continue their work. Before the suit against SCR, only large (500+ horses) facilities have been sued. SCR is the first small stable (<150 horses) to be sued that I know of in the state or maybe the country.

Frustrated by the absence of scientific data for stables the size of SCR, we have conducted a comprehensive and far-reaching review of its potential pollutant discharge: This two-year effort included:

1. Multiple sampling of stormwater from numerous locations within the stable over many storm events
2. Developing a computer environmental model to determine potential pollutant discharges of various constituents over various rain intensity levels.

3. From these results, a range of engineering alternatives was developed and analyzed.
4. Once completed, these engineering alternatives were then examined to find the best cost/benefit ratio that met regulatory requirements.
5. Finally, a legal argument was formulated to substantiate that the appropriate improvements were within EPA regulations and provided SCR protection from future citizen lawsuits as a now permitted facility.

To date, this effort has taken \$100,000's of labor, testing, improvements, legal, and engineering costs. Of all the threatening challenges to SCR in the past 40 years, the last two were the most existential. While there were some pessimistic days, SCR has now secured its future in this new world for stables by obtaining legal, permitted coverage.

You might not know, but behind the scenes, a considerable amount of documentation is now required to run a stable. For example, we produce a report with each storm that varies from 30-70 pages that documents that we have met all regulatory provisions. With the new permit, we are required to collect water samples, perform ongoing training and self-inspections. Additionally, we will have more governmental agencies conducting on-site inspections. Again, all this involves documentation and more documentation to remain legal.

So where do we go from here? What you'll see is that each stall will receive an infiltration trench similar to the tested prototypes that will ensure that no rainwater leaves the individual stall. To complete our permit obligations, quite a bit of work will be required for each stall:

1. For each, the corral sections and roof will need to be adjusted, so the blocks of stalls are even and consistent.

2. The grade of each stall will be adjusted to ensure that not only that each stall drains correctly to its individual trench, but the facility as a whole drains correctly. For some that have added quite a bit of material over the years, this change could seem significant.
3. Some gates in the central area (stalls 1-70) may be reversed so that horses can enter and exit without stepping over an infiltration trench.
4. In some locations, waterlines will be relocated away from the infiltration trench.
5. Only then can the trench be installed. One advantage of the once completed trenches is that the upper stalls will no longer drain through the lower stalls for horses on the downside. This means that the lower stalls will be far less muddy in heavy rainstorms.

We are estimating that this project will take 12,000 person-hours to complete. Given the scale of the effort, we have phased the work over four years. The map below will show you when your stall is slated to be upgraded.

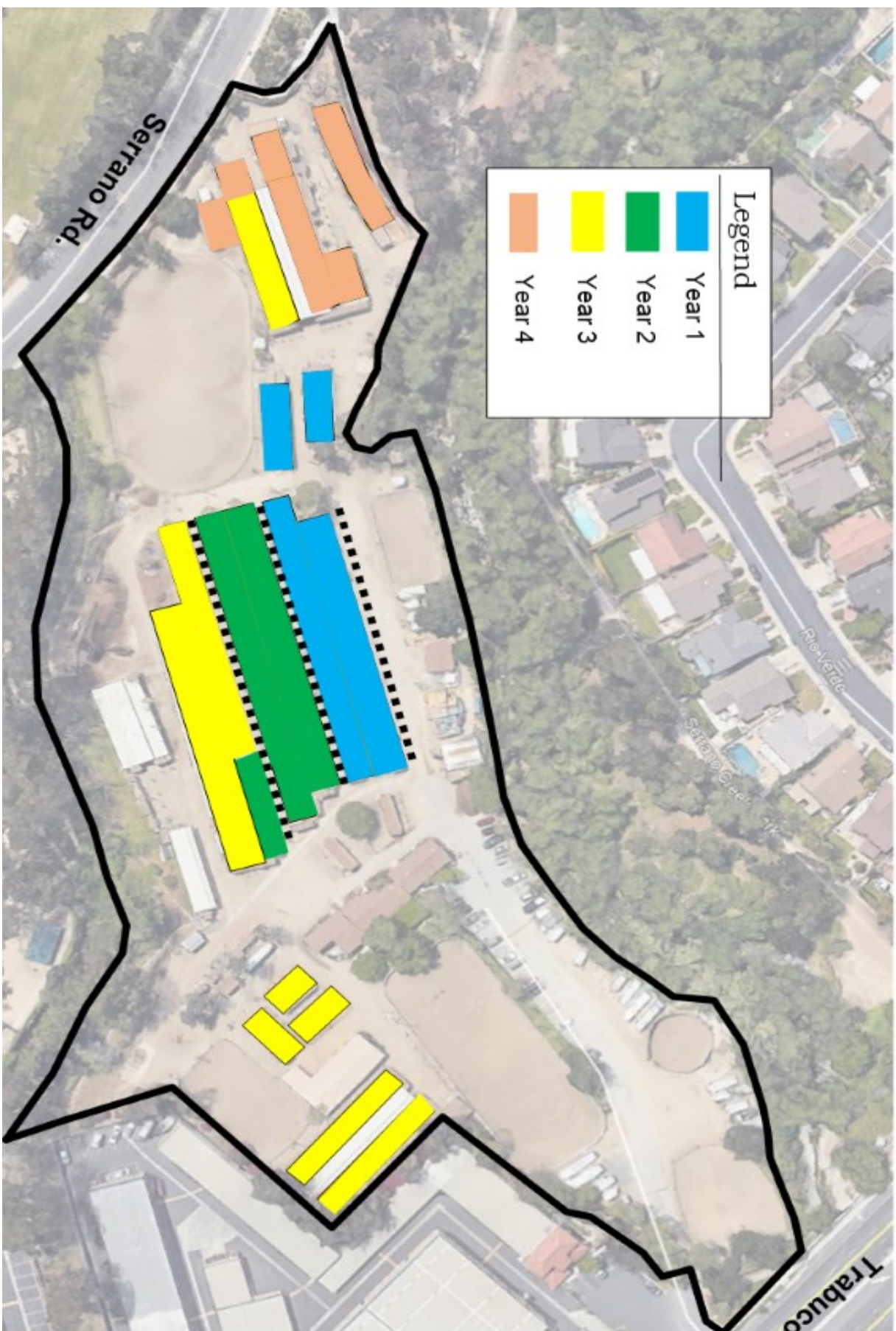
Back in the early '80s, the stable did little work on the stall footing and grading. Towards the end of the decade, we began the early efforts at stall winterization by adding dirt to stalls. Since these ancient days, our winterization has evolved to our currently robust program. Each year, the famous (?) stall-a-gram is sent to each owner to order materials for the upcoming winter rains. Until now, the costs for the winterization were the responsibility of the horse owner.

Going forward, SCR is now held responsible for each horse's potential runoff. To ensure that SCR can meet this new, higher standard, we will be taking over responsibility for the winterization program. SCR can then ensure that each stall is winterized to a specific standard that will meet the critical eye of any number of inspectors. Using last's year's winterization billings, we calculated the cost if divided over 12 months. Particular attention was given to adjusting the expenses for the size of each stall. This was to safeguard that smaller stalls didn't subsidize larger stalls. Starting in July, the board will be increased to accumulate the necessary funds to perform this work. Since we are starting late to collect the winterization funds, the monthly amount paid in the first six months will be less than what was charged for last year's winterization.

While all this water drama has carried on, we continued our capital improvement program. In 2020 we completed our stable-wide LED lighting conversion program by replacing the final fixtures in the front arena and round pen. We also replaced a small arena and the old round pen. Besides the new fencing of these two assets, we also gave considerable labor to make the changes to the grading and footing required to meet the standards of our new permit. To ensure that SCR maintains adequate financial strength by not being weakened from inflation, we are raising the basic boarding by the inflation rate since our last review (February 2019). This increase will also begin in July. The feeding costs will remain flat, as these are market-based. For your review, attached are our new rates which include both the winterization fees, as well as the inflation fees.

Thank you for your patience and support through these tumultuous two years. I believe that SCR has a bright future.

Phased Infiltration Trench Installation



Serrano Creek Ranch Monthly Rates

Prices include daily stall cleaning.

A security deposit of \$325 per stall & \$25 per tack shed is required.

<u>Stall</u>	<u>Price/mo.</u>
24' x 24' Pipe Corral - 1/3 cover	\$507
24' x 24' Pipe Corral - 1/2 cover	\$522
24' x 24' Pipe Corral - 3/4 cover	\$540
18' x 24' Pipe Corral - 1/3 cover	\$460
16' x 24' Pipe Corral - 1/3 cover	\$442
13' x 25' Full Cover Breezeway	\$472
12' x 24' Breezeway	\$420
12' x 24' Pipe Corral - 1/3 cover	\$389
12' x 24' Pipe Corral - 1/2 cover	\$397
Box Stall – Standard w/o shavings	\$411
Box Stall – Large w/o shavings	\$429

EXTRAS:

Tack Shed	\$ 32
Trailer Parking	\$ 78
Dry stall charge – per day	\$ 8

FEED: (Horses are fed three times per day.)

<u>Description</u>	<u>2.5-3 lbs</u>	<u>5-6 lbs</u>	<u>9-10 lbs</u>
1 Feeding of Alfalfa	\$27	\$42	\$60
1 Feeding of Orchard	\$33	\$54	\$84
1 Feeding of Timothy	\$35	\$58	\$89
1 Feeding of Special Feed	\$18	\$18	\$18

LATE FEES: \$35.00 Per horse on all board received after the grace period (10th of the month)

INTEREST: 1.5% on all accounts 30+ days late (18% per annum)

NSF CHARGES: \$35.00