

**Authorizing a Lease for the Creek at Dominguez Hills in Carson**

On November 21, 2017, the Los Angeles County (County) Board of Supervisors (Board) authorized an Exclusive Negotiation Agreement (ENA) with Plenitude Holdings, LLC (Lessee), to explore the redevelopment of a portion of the approximately 170-acre Victoria Golf Course (Site), located at 340 Martin Luther King, Jr. Street in the City of Carson (City), following years of financial, environmental, and operational challenges associated with the operation of the golf course at the Site.

The County's Department of Parks and Recreation's (DPR) 2016 Los Angeles Countywide Comprehensive Parks and Recreation Needs Assessment identifies the City as an area with a high park need, given that it has only 1.5 park acres per 1,000 residents compared to the County average of 3.3 park acres per 1,000 residents. Therefore, it was deemed appropriate to explore alternative community-serving and recreational uses for the Site.

On July 30, 2019, the Board authorized a separate lease agreement for the Carol Kimmelman Athletic and Academic Campus (Kimmelman Campus), for the northern portion of the Site, which will include a tennis center, sports fields and a youth-focused learning center.

The Lessee has proposed "The Creek at Dominguez Hills" (Project) on the approximately 94 southern acres of the Site. The Project includes approximately 530,000 square feet of commercial, privately-operated recreational uses including an enhanced

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driving range facility and a seven-acre traditional golf practice facility, a multi-use sports facility, outdoor sky diving, outdoor adventure park, and a 6.6-acre public park, in addition to retail, restaurants and a sports health and wellness building.

The Project's recreational amenities are anticipated to attract over 600,000 visitors a year. Moreover, the Kimmelman Campus is anticipated to attract between 75,000 and 100,000 visitors in its first year, a projection that does not include special events and tournaments. In comparison, the golf course that currently operates on the Site has attracted an average of 43,000 annual users over the past 3 years. Combined, the Project and the Kimmelman Campus will exponentially grow and diversify the recreational opportunities available for the region.

The Lessee will be obligated to complete construction of the Project within 3 years following the execution of the lease. Under the proposed lease, DPR would receive rent during construction of \$300,000 per year, which would ramp up to \$480,000 in Year 1 of operation, \$720,000 in Year 2 of operation, and \$960,000 in Year 3 of operation. Starting in Year 4 of operation, DPR would receive an initial base rent of \$1,200,000, and a percentage of revenue when profits exceed 8% of return on cost, which is expected approximately in Year 10 of the lease. Further, DPR will participate in the sale or refinance of the leasehold.

The financing of this redevelopment is predicated on a rent reduction in an amount equal to 50% of the County General Fund's share of possessory interest taxes generated by the Project for the initial 30 years, subject to such rent reduction not exceeding a cap of \$208,000 in any calendar year, which cap will be increased by 2% every year. The rent reduction would be supplemented by a 50% contribution of sales tax by the City for a 30-year period. In addition, an Enhanced Infrastructure Financing District (EIFD) is proposed for the City, which if the County opts into by contributing 25% of future tax increment, is forecasted to support the debt service for approximately \$50 million of infrastructure, remediation, and improvement projects as well as low and moderate-

income housing within the City over the next 50 years. Up to \$10 million of funding through the EIFD is proposed to support infrastructure and remediation work at the Site.

Based on the terms of the existing operating lease agreement between DPR and the Lessee for the Victoria Golf Course, approved by the Board on October 1, 2015, DPR is expected to receive \$9.2 million in revenue (or an annual average of \$425,000) from the Lessee over the 20-year term of the operating lease agreement. The additional revenue anticipated from the proposed amended lease will enable DPR to expand and sustain recreational programs and improvements for decades to come. DPR will also utilize the additional revenue to support its Operating Budget and Capital Improvement Fund, and for staffing and services required to monitor and manage the lease agreement.

The Lessee will be responsible for maintaining the Project and will be required to establish and maintain a capital improvement fund based on a reserve study, and regularly contribute the amounts deemed necessary by the reserve study to fully fund the expected cost of capital improvements and replacements. All capital expenditures must be approved by the Director of DPR, who will also have approval authority for sub-leases above 5,000 square feet. In addition, the Site is built on a former landfill, and the Lessee is solely responsible for the cost of remediation, operating, maintenance, sampling, and reporting as may be required by the Department of Toxic Substances Control, the South Coast Air Quality Management District, or other regulatory agencies. The County will maintain its existing liability relating to the pre-existing hazardous substances on the Site, and the Lessee will take on any additional liability caused by the Project.

In order to promote continued affordable and accessible golf-related uses as part of the Project, the Lessee has committed to offering discounted fees at the enhanced driving range facility for students and seniors, as well as at the traditional golf facility (Golf Facility). The Golf Facility will be designed in consultation with a Local Golf Advisory Council, and the final site plan will be approved by the Director of DPR. The Golf Facility will charge rates consistent with DPR's rates at other County-owned golf facilities and will

also be subject to the Director of DPR's approval. Additionally, limited free and low-cost parking will be provided to ensure ease of access to these uses, as well as to the park on the Site.

The park will have a playground area for children and picnic areas with tables, and be used for community-based events, such as "Movie in the Park" and farmers' markets. There will also be a sloping lawn suitable for seating for theatrical or concert performances. The park will be available at no cost to the public and accessible to all County residents.

The Lessee has worked with the City to ensure that the Project enhances the surrounding community and minimizes any potential adverse impacts. The terms of this collaborative effort are memorialized in a Memorandum of Agreement (MOA) (Exhibit B). It is appropriate for the County to acknowledge and approve the MOA given the specific terms that are applicable to the County's ownership of the Site. Further, a separate MOA is proposed to memorialize the rebates of the County's possessory interest tax and the City's sale tax for the Project, as well as key terms of the proposed EIFD (Exhibit C).

The Project represents an unprecedented opportunity to facilitate high-quality recreation, community gatherings, and entertainment. To move the Project forward at this time, it is appropriate for the Board to authorize the execution of a ground lease (which would expire on July 31, 2084), and other related documents, with the Lessee. The Board, by four-fifths vote, is authorized to approve such agreements pursuant to Government Code Section 25536.

**I THEREFORE MOVE THAT THE BOARD OF SUPERVISORS:**

1. Certify that the Final Environmental Impact Report (FEIR) for The Creek at Dominguez Hills (Project), has been completed in compliance with the California Environmental Quality Act (CEQA) and reflects the independent judgment and analysis of the County of Los Angeles (County); find that the Board of Supervisors has reviewed and considered the information contained

in the FEIR prior to approving the Project; adopt the Mitigation Monitoring and Reporting Program; find that the Mitigation Monitoring and Reporting Program is adequately designed to ensure compliance with the mitigation measures during Project implementation; and determine that the significant adverse effects of the Project have been either reduced to an acceptable level or are outweighed by the specific overriding considerations of the Project, as outlined in the Environmental Findings of Fact and Statement of Overriding Considerations, attached as Exhibit A, which findings are adopted and incorporated by reference;

2. Approve the Project;
3. Authorize the Acting Chief Executive Officer (CEO), or her designee, and the Director of the Department of Parks and Recreation (DPR), or her designee, to execute a Ground Lease, approved as to form by County Counsel, with Plenitude Holdings LLC (Lessee) for the Project, related to the lease of approximately 94 acres of the Victoria Golf Course site, located at 340 Martin Luther King, Jr. Street in the City of Carson (Site) for the development of the Project;
4. Authorize the Acting CEO, or her designee, and the Director of DPR, or her designee, to execute any other ancillary documentation necessary to effectuate the implementation of the foregoing approvals, and to take other actions necessary and appropriate to implement and effectuate the terms of the proposed Ground Lease;
5. Authorize the Acting CEO, or her designee, to approve and acknowledge a Memorandum of Agreement (MOA) between the City of Carson (City) and the Lessee pertaining to the Project, in form substantially similar to Exhibit B attached hereto and approved as to form by County Counsel; and

MOTION BY SUPERVISOR RIDLEY-THOMAS  
NOVEMBER 24, 2020  
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6. Authorize the Acting CEO, or her designee, to execute a Memorandum of Agreement with the City, in form substantially similar to Exhibit C attached hereto and approved as to form by County Counsel, that memorializes certain terms and conditions between the City and the County regarding financing, development and operation of the Project.

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