

**BOARD LETTER/MEMO  
CLUSTER FACT SHEET**

Board Letter

Board Memo

Other

<b>CLUSTER AGENDA REVIEW DATE</b>	11/16/2022	
<b>BOARD MEETING DATE</b>	12/6/2022	
<b>SUPERVISORIAL DISTRICT AFFECTED</b>	<input type="checkbox"/> All <input checked="" type="checkbox"/> 1 <sup>st</sup> <input checked="" type="checkbox"/> 2 <sup>nd</sup> <input type="checkbox"/> 3 <sup>rd</sup> <input checked="" type="checkbox"/> 4 <sup>th</sup> <input checked="" type="checkbox"/> 5 <sup>th</sup>	
<b>DEPARTMENT(S)</b>	Department of Parks and Recreation	
<b>SUBJECT</b>	<b>APPROVAL OF A LEASE AGREEMENT FOR THE MANAGEMENT, OPERATION AND MAINTENANCE OF THE ALONDRA, DIAMOND BAR, LA MIRADA, MARSHALL CANYON AND NORWALK GOLF COURSES</b>	
<b>PROGRAM</b>	Lease Agreement	
<b>AUTHORIZES DELEGATED AUTHORITY TO DEPT</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<b>SOLE SOURCE CONTRACT</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please explain why:	
<b>DEADLINES/ TIME CONSTRAINTS</b>	Lease Agreement is set to commence on January 1, 2023, to allow for continuation of services.	
<b>COST &amp; FUNDING (REVENUE TO THE COUNTY)</b>	Total Annual Revenue: \$ est. \$1.7 million FY 2022-23 (six mo.) est. \$3 million FY 2023-24	Funding source: N/A
	TERMS (if applicable): The Department of Parks and Recreation (DPR) is requesting the Board's approval and authorization to execute a fifteen-year Agreement, with one five-year option, for the management, operation and maintenance of the Alondra, Diamond Bar, La Mirada, Marshall Canyon and Norwalk Golf Courses.	
<b>PURPOSE OF REQUEST</b>	The Department of Parks and Recreation is requesting the Board's approval and authorization for the Director of Parks and Recreation, or designee, to execute an Agreement with American Golf of Glendale for the management, operation and maintenance of the Alondra, Diamond Bar, La Mirada, Marshall Canyon and Norwalk Golf Courses to remain open, for continued and uninterrupted services to the public.	
<b>BACKGROUND (include internal/external issues that may exist including any related motions)</b>	In September 2017, the Board of Supervisors (Board) adopted a motion instructing the Department, in consultation with Chief Executive Office, to hire a golf industry consultant (Consultant) to examine and conduct a comprehensive analysis on all aspects of the County's golf course system and agreements, including contract solicitation, negotiation, structure, revenue sharing, monitoring and revenue collection and reporting. Additionally, the Consultant was to provide recommendations for the improved management of internal operations related to the golf course operating agreements and for revisions to future contract solicitations and terms, based on industry best practices. The Consultant's analysis and	

	<p>report resulted in a total of 21 recommendations for improved golf course operations. These recommendations addressed the concerns identified in the September 2017 Board motion and provided the Department with the greatest opportunity to maximize revenues and provide quality golf play.</p>
<p><b>EQUITY INDEX OR LENS WAS UTILIZED</b></p>	<p><input type="checkbox"/> Yes    <input checked="" type="checkbox"/> No  If Yes, please explain how:</p>
<p><b>SUPPORTS ONE OF THE NINE BOARD PRIORITIES</b></p>	<p><input type="checkbox"/> Yes    <input checked="" type="checkbox"/> No  If Yes, please state which one(s) and explain how:</p>
<p><b>DEPARTMENTAL CONTACTS</b></p>	<p>Name, Title, Phone # &amp; Email:  RUBEN LOPEZ, CHIEF OF CONTRACTS AND PROCUREMENT DIVISION (626) 588-5300, <a href="mailto:rlopez@parks.lacounty.gov">rlopez@parks.lacounty.gov</a>  SANDRA SALAZAR, CONTRACTS SECTION HEAD (626) 588-5266, <a href="mailto:ssalazar@parks.lacounty.gov">ssalazar@parks.lacounty.gov</a></p>



COUNTY OF LOS ANGELES  
DEPARTMENT OF PARKS AND RECREATION

*"Parks Make Life Better!"*

Norma E. García-González, Director

Alina Bokde, Chief Deputy Director

December 6, 2022

**REVISED**

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**APPROVAL OF A LEASE AGREEMENT FOR THE  
MANAGEMENT, OPERATION, AND MAINTENANCE OF THE  
ALONDRA, DIAMOND BAR, LA MIRADA, MARSHALL CANYON, AND NORWALK  
GOLF COURSES  
(SUPERVISORIAL DISTRICT 1, 2, 4, and 5) (3-VOTES)**

**SUBJECT**

Approval of the recommended action will award a 15-year ~~lease agreement~~Lease Agreement to American Golf of Glendale for the management, operation, and maintenance of the Alondra, Diamond Bar, La Mirada, Marshall Canyon, and Norwalk Golf Courses, located throughout the County of Los Angeles, and amend four existing lease agreements to allow for pooling of capital improvement fund contributions.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Find that the proposed actions are not a project under the California Environmental Quality Act for the reasons stated in this Board Letter and the record.
2. Approve and authorize the Director of Parks and Recreation, or her designee, to execute a 15-year Lease Agreement, effective January 1, 2023, with American Golf of Glendale for the management, operation, and maintenance of the Alondra, Diamond Bar, La Mirada, Marshall Canyon, and Norwalk Golf Courses in a form substantially similar to Attachment I and approved as to form by County Counsel. The Lease Agreement will result in an estimated \$71 million benefit to the County over the 15-year term in the form of rental fees and capital improvement fund contributions.

3. Authorize the Director of Parks and Recreation to amend, suspend, terminate, or assign rights or delegation of duties should the recommended Lessee merge, be acquired, or otherwise change entities, if deemed necessary and in accordance with the approved terms and conditions of the Lease Agreement.
4. Authorize the Director of Parks and Recreation to amend the lease agreements currently operated by American Golf Corporation and its wholly-owned subsidiary American Golf of Glendale, which include the Knollwood, Lakewood, Los Verdes, and Whittier Narrows Golf Courses, to solely allow for all capital improvement ~~funds collected~~ fund contributions, effective withupon the execution of the amendments and until each agreement expires, to be deposited into the ~~Department's Golf Capital Improvement Fund, which funds can be utilized at any County Golf Course currently included in the~~ Department of Parks and Recreation's Capital Improvement Fund. pooled golf capital improvement fund, providing flexibility to use funds where there is a greater need at any of the golf courses contributing to the pooled fund.

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The County of Los Angeles' (County) golf course system is the largest municipal golf course system in the United States with 20 golf courses at 18 facilities from the San Gabriel Mountains to the cliffs of the Palos Verdes Peninsula. There are 1.8 million visitors and 1.2 million rounds of golf played at County golf facilities each year. Additionally, over 700 community members, including high school/college students, seniors, and retirees are employed by the golf course system.

~~Approval of the recommended actions will find that they are not subject to the California Environmental Quality Act (CEQA) and will enable the Department of Parks and Recreation (Department) to provide continued and uninterrupted service at the Alondra, Diamond Bar, La Mirada, Marshall Canyon, and Norwalk Golf Courses, collectively known as the Golf Courses.~~

~~The Golf Courses are currently being operated pursuant to four leases and one management agreement. The agreement for each respective facility has expired and has been in month-to-month status for varying periods of time, as identified on Attachment II, Golf Course Terms.~~

~~The Los Angeles County Metropolitan Authority has begun improvements to the SR-57 and SR-60 freeways, which has caused the temporarily closure of the Diamond Bar Golf Course. The Diamond Bar Golf Course is being reconfigured and is scheduled to reopen in the Spring of 2023.~~

~~American Golf of Glendale (AGG) is a wholly owned subsidiary of American Golf Corporation (AGC), the current operator of two of the golf courses in this Lease Agreement.~~

~~The Golf Courses have a long history of growing the game of golf, specifically in under-served communities. Additionally, the recommended Lease Agreement includes community outreach and programming requirements that continue to promote and encourage diversity and incubate local and underrepresented golf players.~~

In September 2017, the Board of Supervisors (Board) adopted a Motion instructing the Department, of Parks and Recreation (Department), in consultation with the Chief Executive Office, to hire a golf industry consultant (Consultant) to examine and conduct a comprehensive analysis on all aspects of the County's golf course system and agreements, ~~including contract solicitation, negotiation, structure, revenue sharing, monitoring and revenue collection, and reporting.~~ Additionally, ~~the Consultant was to provide recommendations for the improved management of internal operations related to the golf course operating agreements and for revisions to future contract solicitations and terms, based on industry best practices.~~ The Consultant's analysis and report resulted in a total of 21 recommendations for improved golf course operations. ~~These recommendations addressed the concerns identified in the September 2017 Board Motion and provided the Department with the greatest opportunity to maximize revenues and provide quality golf play. Part of the recommendations were the development of a strategic plan for the County's golf system, implementation of a unitary contract structure and pooling of capital improvement fund contributions. The Department released a Request for Proposals (RFP), which incorporated these recommendations as well as other applicable recommendations.~~

~~Among the recommendations made by the Consultant were the development of a Golf Strategic Plan to address the findings of the Consultant's report, the pooling of Capital Improvement Funds for use at any golf facility the County determines is needed, and a Unitary Contract Structure, under which all facilities would eventually be under one agreement with one operator. Subsequently, the Department released a Request for Proposals (RFP) which incorporated the Golf Strategic Plan, included all the current golf facilities under a month-to-month status, and incorporated the other Consultant recommendations as applicable to the RFP process.~~

~~Amending the contracts for the other four golf courses operated by AGC/AGG to~~

The recommended award of a Lease Agreement to American Golf of Glendale (AGG) includes five golf courses, namely, Alondra, Diamond Bar, La Mirada, Marshall Canyon, and Norwalk, collectively referred to as Golf Courses. These Golf Courses are currently operated under five separate agreements with four operators. The recommended action will bundle these Golf Courses into one Lease Agreement and one operator, which is a first step towards a unitary contract structure. Under this structure, all 18 County golf courses will eventually be under one lease agreement with one operator, which will enable the County to provide consistent delivery of products and services across all golf courses, mitigate operator risk while improving administrative efficiency, and achieve economies of scale.

The completed Comprehensive Golf Strategic Plan outlined strategic pillars, which was developed with the guiding principles of community benefit and diversity to ensure that each golf course adequately serves the users and the communities for which they belong. The recommended Lease Agreement includes community outreach and programming requirements that will continue to promote and encourage diversity and incubate local and underrepresented golf players.

The pooling of capital improvement fund contributions provides flexibility to use the funds where the need is greater at any golf courses contributing to the pooled fund. The capital improvement fund contributions from the Golf Courses, under the recommended Lease Agreement, will be deposited into the Department's pooled golf capital improvement fund. However, the capital improvement fund contributions for the Golf Courses prior to execution of the Lease Agreement will remain for the exclusive use in each of the respective golf courses. In addition, amending the existing Lease Agreements for the four golf courses currently operated by American Golf Corporation/AGG, namely Knollwood, Lakewood, Los Verdes, and Whittier Narrows Golf Courses, will allow for the deposit of capital improvement funds collected fund contributions from these courses, as of the day of each amendment and moving forward into the Department's Golf Capital Improvement Fund will provide the Department with the flexibility to use such funds where the need is greater. This is in accordance with the Consultant's recommendations of pooling the Capital Improvement Funds. The amount in the Capital Improvement Funds until each agreement expires, into the pooled golf capital improvement fund. However, the capital improvement fund contributions for the Knollwood, Lakewood, Los Verdes, and Whittier Narrows Golf Courses prior to execution of the amendments will remain for the exclusive use in each of the respective golf courses. ~~No other terms and conditions will be revised, added or deleted, as a result of the recommended amendments.~~

~~The Department worked extensively with County Counsel and outside counsel to strengthen the Force Majeure Language included in the Lease Agreement. Through this language, no Force Majeure event shall excuse AGG of its obligations to maintain, repair, and keep the premises in good condition, or excuse AGG's obligation to pay utilities, other charges, and Percentage Rent. Further, AGG must show that any failure to perform due to a Force Majeure event is totally beyond its control and without any fault or negligence of AGG.~~

Approval of the recommended actions will find that they are not subject to the California Environmental Quality Act (CEQA) and will enable the Department of Parks and Recreation (Department) to provide continued and uninterrupted service at the Alondra, Diamond Bar, La Mirada, Marshall Canyon, and Norwalk Golf Courses.

### **Implementation of Strategic Plan Goals**

The recommended Lease Agreement will further the County's Strategic Plan, Strategy II.2 Support the Wellness of Our Communities, Objective II.2.2 Expand Access to Recreational and Cultural Opportunities, Strategy III.3 Pursue Operational Effectiveness, Fiscal Responsibility, and Accountability, Objective III.3.1 Maximize Revenue, and Objective III.3.2 Manage and Maximize County Assets by expanding recreational opportunities and maximizing the effectiveness of processes, structure, operations, and strong fiscal management to support timely delivery of customer-oriented and efficient public services.

### **FISCAL IMPACT/FINANCING**

Approval of the recommended actions will result in additional benefit to the County in the form of rental fees and Capital Improvement Funds for the Golf Courses in an estimated amount of \$71 million over the proposed 15-year term of the recommended Lease Agreement, based on the rental fee schedule outline below:

- Green Fee, Cart Fee, Range, Senior Cards, and Tournament Fees 28%
- Sale, Repair, Rental of Golf Related Merchandise, Vending Machine, Sales and/or Commissions, Other Miscellaneous Sales 6%
- Food, Non-Alcoholic Beverage, and Banquet Service Charges 8%
- Liquor 10%

- All Rooms/Facility Rentals 25%

Of the total fee revenue of approximately \$71 million, over the proposed 15-year term, an estimated amount of \$51 million will be deposited into the Department's Golf Operating Special Revenue Fund. An estimated amount of \$20 million will be deposited into the Department's Golf Capital Improvement Fund to be used for golf course improvements at any County Golf Course included in the Department's Capital Fund. In addition, AGG shall contribute \$750,000, which will be deposited into the Department's Golf Course Capital Improvement Fund to be used for golf course improvements at the Golf Courses under this Lease Agreement.

AGG shall provide and pay for water, electricity, gas, telephone, and internet services needed to serve the Golf Courses, ~~with the exception of~~ except for the water costs at Alondra and Marshall Canyon Golf Courses. The Alondra and Marshall Canyon Golf Courses share a water meter with an adjacent County Park and the water costs for these facilities cannot be separated, as such the County is responsible for the water cost at these facilities.

### **OPERATING BUDGET IMPACT**

Based on the terms of the recommended Lease Agreement, it is estimated that the Golf Operating Special Revenue Fund will realize estimated rent revenues of \$1.7 million in Fiscal Year (FY) 2022-23 (six months) and \$3 million in FY 2023-24. The Department will work with the Chief Executive Office to adjust the Operating Budget revenue from golf operations as part of the budget process in the appropriate fiscal year.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The Board is authorized by the provision of Government Code Section 25907 to lease Department real property to any person, form, or corporation for concessions and services consistent with public Department purposes. The proposed Lease Agreement is consistent with said purpose.

The Golf Courses are currently being operated pursuant to four separate leases and one management agreement. The existing agreement for each respective facility has expired and has been in month-to-month status for varying periods of time, as identified on Attachment II, Golf Course Terms. Additionally, the Los Angeles County Metropolitan Authority has begun improvements to the SR-57 and SR-60 freeways, which has caused the temporarily closure of the Diamond Bar Golf Course. The Diamond Bar Golf Course is being reconfigured and is tentatively scheduled to reopen in the Spring of 2023.



American Golf of Glendale (AGG) is a wholly owned subsidiary of American Golf Corporation (AGC), the current operator of two of the golf courses in this Lease Agreement.

The County maintains databases that track/monitor the contractor's performance history. Information entered into such databases may be used for a variety of purposes. No negative information was found for AGG.

The AGG will provide the required insurance policies prior to the start of the Lease Agreement, naming the County as additional insured.

County Counsel has approved the Lease Agreement as to form.

### **ENVIRONMENTAL DOCUMENTATION**

The recommended actions are not subject to the California Environmental Quality Act (CEQA) because they are activities that are excluded from the definition of a project by Section 21065 of the Public Resources Code and Section 15378(b) of the State CEQA Guidelines. The proposed actions are administrative activities of government and would create government funding mechanisms that do not involve any commitment to a specific project that may result in a potentially significant physical impact on the environment or direct or indirect physical changes to the environment.

### **CONTRACTING PROCESS**

On July 12, 2021, the Department released an RFP for the management, operation, and maintenance of the Golf Courses. A notice was posted on the County's "Doing Business with Us" website, including a link to download the RFP package and bilingual instructions on how to contact the Department regarding this RFP. Additionally, in conjunction with the Consultant, the Department compiled a list of golf course operators and sent an electronic mail to over 30 potential proposers nationwide. On September 29, 2021, the Department received five proposals; however, none of the proposals were determined to be viable. Therefore, in the best interest of the County, the RFP was cancelled. The Department in turn worked closely with County Counsel and the Consultant to revise the RFP's minimum requirements.

Subsequently, on December 14, 2021, the Department released a revised RFP and a new notice was posted on the County's "Doing Business with Us" website along with resending an electronic mail to potential proposers nationwide.

On February 1, 2022, the Department received three proposals. Each proposal was reviewed by the Department's staff to ensure compliance with mandatory minimum requirements outlined in the RFP. One proposal did not meet the minimum requirements of the RFP and was disqualified. The remaining two proposals moved on to the evaluation stage, which consisted of two phases. For phase I, the Evaluation Committee consisted of three members selected by the Department. For phase II, the Evaluation Committee consisted of three members of the Department's executive management.

Utilizing the Informed Averaging Scoring methodology, the Evaluation Committee for phase I evaluated the proposals based on the criteria identified in the RFP, which included: proposer's qualifications, quality of financial proposal, proposer's vision, operating model and capital plan, proposer's alignment of and support for strategic plan, and acceptance/exceptions to the terms and conditions of the Sample Lease Agreement. For phase II, Evaluation Committee evaluated the proposers through an interview that included a series of questions designed to evaluate the responsiveness of each proposer to the requirements of the RFP.

Based on the evaluation of proposals, it is recommended that the Lease Agreement for the management, operation, and maintenance of the Alondra, Diamond Bar, La Mirada, Marshall Canyon, and Norwalk Golf Courses be awarded to American Golf of Glendale.

The Department received one request for debriefing from the non-selected proposers; there was no protest resulting from this solicitation.

It should be noted that upon final analysis and award, American Golf of Glendale was selected without regard to gender, race, creed, or color.

The Department worked extensively with County Counsel and outside counsel to strengthen the Force Majeure Language included in the Lease Agreement. Through this language, no Force Majeure event shall excuse AGG of its obligations to maintain, repair, and keep the premises in good condition, or excuse AGG's obligation to pay utilities, other charges, and Percentage Rent. Further, AGG must show that any failure to perform due to a Force Majeure event is totally beyond its control and without any fault or negligence of AGG.

### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

There will be no impact on current public services.

### **CONCLUSION**

The Honorable Board of Supervisors  
December 6, 2022  
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It is requested that three adopted copies of the action taken by your Board be forwarded to the Department.

Should you have any questions please contact Ms. Sandra Salazar at (626) 588-5266 or via email at [ssalazar@parks.lacounty.gov](mailto:ssalazar@parks.lacounty.gov), Mr. Ruben Lopez at (626) 588-5278 or [rlopez@parks.lacounty.gov](mailto:rlopez@parks.lacounty.gov), or Ms. Kimberly Rios at (626) 588-5368 or [krios@parks.lacounty.gov](mailto:krios@parks.lacounty.gov).

Respectfully submitted,

Norma E. García-González  
Director

NEGG:AB:MR  
RL:SS:AR:rc

Enclosure

c: Chief Executive Officer  
County Counsel  
Executive Officer, Board of Supervisors