

TRANSMITTAL

0150-06644-0003

TO
Deborah Flint, Chief Executive Officer
Department of Airports

DATE
AUG 15 2019

COUNCIL FILE NO.

FROM
The Mayor

COUNCIL DISTRICT
11

**Request to Approve the First Amendment to a Lease
Agreement with Westchester Golf Partners LLC for
Property at the Los Angeles International Airport**

Transmitted for further processing, including Council consideration. See the
City Administrative Officer report attached.

MAYOR

Ana Guerrero

RHL:WDC: 10200008t

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: August 14, 2019

CAO File No.: 0150-06644-0003

Council File No.:

Council District: 11

To: The Mayor

From: Richard H. Llewellyn, Jr., City Administrative Officer

Reference: Communication from the Department of Airports dated July 30, 2019; referred by the Mayor for report on July 30, 2019

Subject: **REQUEST TO APPROVE THE FIRST AMENDMENT TO A LEASE AGREEMENT WITH WESTCHESTER GOLF PARTNERS, LLC FOR PROPERTY AT THE LOS ANGELES INTERNATIONAL AIRPORT**

RECOMMENDATIONS

That the Mayor:

1. Approve the First Amendment to Lease LAA-8486 between the Los Angeles World Airports and Westchester Golf Partners LLC for golf course property at 6900 W. Manchester Avenue, Los Angeles, at the Los Angeles International Airport, extending the current agreement by 18 months, for a total of 10.5 years, to February 28, 2021, in order to provide sufficient time for the course's management to meet certain requirements for a possible 20-year lease extension option, subject to compliance with the following Standard Provisions for City Contracts and Leases: the Living Wage Ordinance, Affirmative Action Program, Child Support Obligations Ordinance, Contractor Responsibility Program, Equal Benefits Ordinance, First Source Hiring Program, the Department's insurance requirements, the Bidder Contributions CEC (City Ethics Commission) Form 55 provisions, and City Attorney approval as to form;
2. Authorize the Chief Executive Officer of the Los Angeles World Airports to execute the proposed First Amendment; and,
3. Return the Amendment to the Department for further processing, including Council consideration.

SUMMARY

The Westchester Golf Course is an 18-hole public course located at 6900 W. Manchester Avenue approximately two miles from the Los Angeles International Airport (LAX) terminals and due north of runway 6R-24L. The property is owned by the Los Angeles World Airports (LAWA) and leased to Westchester Golf Partners LLC (Westchester Golf Partners; Lessee) for a

minimum of \$525,000 per year. The current lease is for 10 years expiring on August 31, 2019.

In July 2009 the Board of Airport Commissioners approved a 10-year lease with Westchester Golf Partners for the restoration, operation, and maintenance of the golf course that included a 20-year renewal/extension option (to August 31, 2039) conditional upon the Lessee investing \$2,000,000 in improvements prior to consideration of the extension. As of July 2019, the Lessee had invested at least \$2,100,000 in the form of course improvements (i.e., restoration and development of three holes that had previously been removed to accommodate the construction of Westchester Parkway, as well as utility and other upgrades).

A majority of the lease requirements have been met over the 10-year lease term with the exception of two legal construction items (e.g., elements of the proposed irrigation system and certain improvements to the clubhouse). Additional time is, therefore, needed to fulfill the requirements. Thus, to enable the Lessee to meet those requirements and become eligible for a new, optional 20-year lease, the Department's Chief Executive Officer requests authority to execute a First Amendment to Lease LAA-8486 to extend the current agreement by 18 months to February 28, 2021. Approval of the proposed extension would leave 18.5 years remaining on a new 20-year lease.

Constructed in 1965, Westchester Golf Course is an 18-hole executive course—that was a 15-hole course for 17 years as a consequence of the Westchester Parkway road extension that eliminated the three southernmost holes—popular with Los Angeles residents that also serves as a buffer between the airport and nearby residences. The ability to play at night due to the course's lighting system, as well as the availability of a spacious driving range, are elements that contribute to the golf course's popularity.

The Department notes that Westchester Golf Partners is a tenant in good standing and that the company is diligently pursuing the approval process to complete the current lease's outstanding construction items. Under the terms of the proposed First Amendment the minimum annual lease revenue to LAWA of \$525,000 will continue. The revenue for the 18-month extension will be approximately \$787,500 (excluding any additional percentage rent).

At its meeting of August 1, 2019, the Board approved the proposed First Amendment to Lease LAA-8486 with Westchester Golf Partners LLC.

FISCAL IMPACT STATEMENT

Approval of the proposed First Amendment with Westchester Golf Partners LLC extending the current lease agreement by an additional 18 months will continue to generate minimum annual revenue (excluding any percentage rent) to the Los Angeles World Airports of \$525,000 (\$787,500 over the 18-month extension). This lease complies with the Department of Airports' adopted Financial Policies. Approval of the Amendment will have no impact on the Department's capital budget or the City's General Fund.