



Los Angeles World Airports

Item Number  
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# REPORT TO THE BOARD OF AIRPORT COMMISSIONERS

*Ramon Olivares*

Approved by: Ramon Olivares – Director, Property Services

Reviewed by: Jeffrey Utterback – Deputy Executive Director

*D. Dy*

City Attorney

Justin Erbacci, Chief Executive Officer

Meeting Date:

1/21/2021

CAO Review:

Completed

Pending

N/A

<u>Reviewed for</u>	<u>Date</u>	<u>Approval Status</u>	<u>By</u>
Finance	1/5/2021	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	CI
CEQA	1/5/2021	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	VW
Procurement	1/4/2021	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> Cond	MJ
Guest Experience	1/11/2021	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	TB
Strategic Planning	1/5/2021	<input type="checkbox"/> Y <input type="checkbox"/> N <input checked="" type="checkbox"/> NA	KC

## **SUBJECT: Approval of Second Amendment to Lease No. LAA-8486 with Westchester Golf Partners LLC at Los Angeles International Airport**

Approve the Second Amendment to Lease No. LAA-8486 with Westchester Golf Partners LLC at Los Angeles International Airport for an eighteen and one-half year Lease extension, resulting in minimum annual revenue to LAWA of \$625,000, exclusive of any percentage rent.

### **RECOMMENDATIONS:**

Management RECOMMENDS that the Board of Airport Commissioners:

1. ADOPT the Staff Report.
2. DETERMINE that this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Article III, Class 1 (18)(c) of the Los Angeles City CEQA Guidelines.
3. APPROVE the Second Amendment to Lease No. LAA-8486 with Westchester Golf Partners LLC at Los Angeles International Airport, as referenced in this report.
4. AUTHORIZE the Chief Executive Officer to execute the Second Amendment to Lease with Westchester Golf Partners LLC, upon approval as to form by the City Attorney and approval by the Los Angeles City Council.

## **DISCUSSION:**

### **1. Purpose**

To provide Westchester Golf Partners LLC (WGP) with an eighteen and one-half year Lease extension as contemplated by the Lease.

### **2. Prior Related Actions**

- **July 10, 2009 – Board Order No. AO-5128 – Lease No. LAA-8486**  
The Board of Airport Commissioners (Board) approved a ten-year Lease with WGP at Los Angeles International Airport (LAX) for the restoration, operation and maintenance of the Westchester Golf Course, with a term extension option through August 31, 2039, provided that WGP invests an additional \$2,000,000 in improvements.
- **August 1, 2019 – Resolution No. 26823 – Lease No. LAA-8486A**  
The Board approved an 18-month term extension with WGP at LAX to allow WGP adequate time to meet certain requirements of the Lease which would enable WGP to exercise an eighteen and one-half year option to extend the Lease term through August 31, 2039.

### **3. Current Action**

WGP currently operates Westchester Golf Course, located at 6900 Manchester Boulevard at LAX (see Site Map), under Lease No. LAA-8486. The golf course was constructed in the mid-1960s, offering important community recreational benefits, and serving as a sound buffer for LAX. The golf course was expanded in 2009/2010 to add three additional holes, making it an 18-hole executive golf course. The Lease was scheduled to expire on August 31, 2019.

Under the terms of the Lease, WGP has an option to extend the term through August 31, 2039, provided WGP has “satisfied all legal requirements for the approval and construction of at least \$2,000,000 in Additional Improvements...” prior to approval of a Lease extension. Los Angeles World Airports (LAWA) staff conceptually approved WGP’s proposal for its Additional Improvements in July of 2019, which included \$2,000,000 in renovations to the Club Building and irrigation system. However, together with WGP, LAWA staff determined that WGP unlikely would be able to meet all legal construction approval requirements, particularly those associated with the Los Angeles City permitting process, prior to the August 31, 2019 expiration of the Lease.

Therefore, to allow WGP additional time to meet those requirements, the Board approved the First Amendment allowing an 18-month Lease extension with WGP, with a new expiration date of February 28, 2021.

WGP now has submitted the requisite documentation for the Additional Improvements, which include the necessary City permits, and has satisfied the requirements needed to exercise an option to extend the Lease term through August 31, 2039.

Under the terms of the Lease, WGP currently pays the greater of a minimum annual guarantee of \$625,000, or percentage rent, based on gross receipts for various services provided by WGP. With the exception of a short period when the golf course was closed due to COVID, WGP consistently has paid percentage rent to LAWA. During calendar year 2019, WGP paid LAWA \$806,528. In 2020, the amount dropped to \$771,877 due to closure resulting from the COVID pandemic.

### ***Action Requested***

Staff requests the Board approve the Second Amendment to Lease No. LAA-8486 with WGP at LAX.

### ***Fiscal Impact***

The Lease with WGP will continue to generate a minimum annual revenue to LAWA of \$625,000, exclusive of any percentage rent.

#### **4. Alternatives Considered**

- ***Take No Action***

Taking no action is not recommended, as it could result in lost revenue, a lost opportunity to renovate a LAWA-owned facility and a potential negative impact to LAWA's reputation in the community.

### **APPROPRIATIONS:**

No appropriations are required for this item.

### **STANDARD PROVISIONS:**

1. The issuance of permits, leases, agreements, gate and space assignments, and renewals, amendments or extensions thereof, or other entitlements granting use of existing airport facilities or its operations is exempt from California Environmental Quality Act (CEQA) requirements pursuant to Article III, Class 1 (18)(c) of the Los Angeles City CEQA Guidelines.
2. This proposed document(s) is/are subject to approval as to form by the City Attorney.
3. Actions taken on this item by the Board of Airport Commissioners will become final pursuant to the provisions of Los Angeles City Charter Section 606.
4. Westchester Golf Partners, LLC will comply with the provisions of the Living Wage/Service Contractor Worker Retention Ordinances.
5. The Small Business Enterprise, Local Business Enterprise/Local Small Business Enterprise, and Disabled Veterans Business Enterprise Programs do not apply to leases.
6. Westchester Golf Partners, LLC will comply with the provisions of the Affirmative Action Program.
7. Westchester Golf Partners, LLC has been assigned Business Tax Registration Certificate No. 0000039317-0002-1.
8. Westchester Golf Partners, LLC will comply with the provisions of the Child Support Obligations Ordinance.
9. Westchester Golf Partners, LLC must have approved insurance documents, in the terms and amounts required, on file with the Los Angeles World Airports prior to execution of the Lease.
10. This action is not subject to the provisions of City Charter Section 1022 (Use of Independent Contractors).

11. Westchester Golf Partners, LLC has submitted the Contractor Responsibility Program Pledge of Compliance and will comply with the provisions of the Contractor Responsibility Program.
12. Westchester Golf Partners, LLC has been determined by Public Works, Office of Contract Compliance, with the provisions of the Equal Benefits Ordinance.
13. Westchester Golf Partners, LLC will be required to comply with the provisions of the First Source Hiring Program for all non-trade LAX Airport jobs.
14. Westchester Golf Partners, LLC has submitted the Bidder Contributions CEC Form 55 and will comply with its provisions.
15. This action is not subject to the provisions of the Iran Contracting Act of 2010.



SITE MAP

