



CITY COUNCIL AGENDA REPORT

MEETING DATE: 12/15/2020

DEPARTMENT: City Manager

SUBJECT:

SECOND AMENDMENT TO THE LAKE FOREST GOLF CENTER LEASE

RECOMMENDED ACTION(S):

Approve the Second Amendment to the City's lease with the Lake Forest Golf Center and authorize the City Manager to execute, and the City Clerk to attest, the document.

EXECUTIVE SUMMARY:

The Lake Forest Golf Course is a twenty-five acre facility located along Los Alisos Boulevard and Jeronimo Road. The City owns the golf course while the County of Orange retains ownership of the driving range. Both facilities are operated by the American Golf Corporation ("American Golf"), which was selected by the County as the operator pursuant to a public bidding process prior to the City's incorporation.

Per the terms of the agreement with the City, American Golf maintains the property within the golf course, including the areas along Aliso Creek to Muirlands Boulevard. However, the southern portion of the property along the Aliso Creek Bikeway (opposite Los Alisos Intermediate School) has not been maintained for many years. During this time, the streambed, along with many other areas in the Aliso Creek Watershed, has become overgrown with invasive plant species, particularly with Giant Reed Cane (*Arundo Donax*).

In 2019, the City was awarded state funding to remove the invasive plant species from the Aliso Creek streambed. At that time, the City entered into an agreement with the Orange County Conservation Corps ("OCCC") to remove the plants. The work was completed by OCCC in December of last year. As a condition of the grant funding, the City retained OCCC to maintain the area to ensure any invasive plant species do not return.

The proposed amendment includes new maintenance standards for the golf course. These standards, or Best Management Practices ("BMPs"), protect the Aliso Creek, and alters the lease payment due date to align with other City-owned facility payment due dates.

BACKGROUND:

In 1990, the County of Orange executed separate leases for the golf course and driving range. At the time of the City's incorporation, the County transferred ownership of the golf course to Lake Forest, while it retained ownership of the driving range and parking lot that serves both uses. However, prior to the transfer of ownership to the City, the County amended its lease to address cost overruns American Golf, the facility operator, experienced while developing the golf course and the driving range. To ensure that American Golf would recover its initial investment, the County modified provisions of the driving range lease addressing minimum rent, percentage rent, and extended the term of the lease by ten years (through January 30, 2025). The County did not modify the lease for the golf course.

Along with ownership of the property, the City inherited the lease agreement for the golf course. In January 2015, the City executed the First Amendment to the City's lease with American Golf, which extended the term of the lease by ten years to coincide with the expiration of the County's current lease for the driving range. It also included new maintenance standards, enabled the City to sublease a portion of the site for the installation of wireless communication facilities, included provisions to offer community programs, and required American Golf to notify the City should it engage in any negotiations with the County that would materially affect the operations of the Golf Course. The lease amendment did not modify American Golf's lease payment structure, but the extension of term did ensure revenues to the City through January 2025.

DISCUSSION:

The City's current agreement with American Golf expires on January 30, 2025 and requires the tenant to upkeep the golf course to the standards of the Director of Public Works. American Golf is required to maintain the golf course and the area along Aliso Creek that extends to Muirlands Boulevard. However, American Golf allowed the invasive plant species to overgrow in the area, requiring the City to apply for and obtain a grant through the State of California to remove the dense vegetation in the area along Aliso Creek.

The proposed Second Amendment to the agreement adds specific language for the maintenance responsibilities of the City and American Golf (Attachment). The City would continue to provide the services of the OCCC to prevent any invasive species from expanding on the property. American Golf shall remove abandoned property on a weekly basis to deter trespassing, remove trash, litter, and other debris at its own cost. The proposed Second Amendment also changes the payment of rent to the first of every month to align with other City-

owned facility payment due dates, and updates the place of payment and filing from the old City Hall address to the Civic Center.

City staff is working cooperatively with American Golf representatives to identify tasks that do not create a significant cost burden to the golf course, but still holds American Golf accountable for a safe and clean environment. Staff recommends the City Council authorize the City Manager to execute the proposed Lease Amendment substantially in the form attached.

FISCAL IMPACT:

There is minimal fiscal impact associated with the recommended action.

ATTACHMENTS:

Second Amendment to the City's Lease with American Golf Corporation

Initiated By: Adrian Grijalva, Acting Senior Management Analyst

Submitted By: Keith Neves, Assistant City Manager

Approved By: Debra Rose, City Manager