

LOS ANGELES COUNTY
DEPARTMENT OF PARKS AND RECREATION
GOLF SYSTEM

2020 - 2025

STRATEGIC PLAN

FINAL DRAFT



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In collaboration with the Los Angeles County Department of Parks and Recreation,

this document was prepared by:



Overview

Special Acknowledgements

We'd like to thank and highlight various stakeholder organizations, associations, and individuals who contributed to the completion of this Strategic Plan for our golf system.

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GOLF FACILITY OPERATORS

Alondra Golf Course Inc.
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CourseCo Inc.
GolfLinks Management
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Background

A Los Angeles County ("the County") Board of Supervisors motion from September 26th, 2017 suggested that the Los Angeles County Department of Parks and Recreation ("DPR" or "the department") was experiencing issues with operator deficiencies such as unpaid rent and other operator delinquencies at some facilities and has experienced a reduction in rent revenue. In January 2018, the DPR engaged PlaceWorks ("PW") and GGA Partners, ("GGA"), a third-party management consulting firm specializing in golf, private club, real estate and resort businesses, to conduct a comprehensive analysis of the DPR's Golf System, focused on the golf facility contracts solicitation and administration process and best practice operating models. Subsequent to this analysis the County recognized a need to develop a comprehensive Strategic Plan which categorically addresses the findings from the research and analysis through clear overarching strategies to be implemented over the next five years.

Strategic Planning Process

Below is a summary of the of the key project milestones we've worked through to develop this strategic plan.



Analysis

- Market analysis and review of green fee structure.
- System-wide operational and financial review.
- Review of administrative structure and options for various operating models.
- Golf Course Contracts Solicitation and Administration Process Analysis.



Feedback

- Stakeholder meetings
 - Department of Parks and Recreation
 - DPR Golf Division
 - Operators
 - Golf Advisory Committee
- LA County Golfer Survey (over 3,000 responses).



Strategy

- Strategic planning session with Department of Parks and Recreation
- Compilation and synthesis of all data into cohesive five-year plan.

Guiding Principles

- ▶ The strategies that have been formulated for the County golf system have been designed to support the overarching Strategic Plan for the Department of Parks and Recreation and the County as a whole. Each strategic pillar below has been developed with the guiding principles of **Community Benefit** and **Diversity** in mind - our golf parks must adequately serve and appeal to the diverse user segments and communities to which they belong.

Our 8 Strategic Pillars and Key Objectives

- ▶ This Strategic Plan for the County golf system is organized into eight 'strategic pillars', each with their own overarching key objective. The Plan begins with a brief primer on our golf system, and is subsequently structured according to our eight pillars, with each containing information on our past successes and challenges, our vision for the future, and clear strategies to help achieve our objectives.

Our eight guiding strategic pillars and associated key objectives are outlined below:

- ▶ **Community Access and Integration**
Further expand the use of County golf facilities to activities beyond golf. Support increased access to County golf facilities by all community members with a focus on equity and inclusion.
- ▶ **Golf Accessibility & Diversity**
Play an important role in growing the game of golf in Southern California and help shape how future generations engage in golf at the grassroots level.
- ▶ **Modern Infrastructure**
Upgrade facilities to modern standards of excellence, which are welcoming to golfers and non-golfers alike, at all LA County golf system facilities, irrespective of the revenue they are independently able to generate.
- ▶ **Environmental Stewardship**
In a fiscally responsible manner, reduce the use of harmful pesticides, water consumption, and continue to facilitate ecologically friendly golf course maintenance practices which protect the environment and wildlife habitats.
- ▶ **Private-Sector Partnership**
Continue to nourish long-term private-sector relational partnerships which are built on trust and are mutually beneficial.
- ▶ **Business Intelligence**
Allow operators and department administrators to capitalize on emerging technologies in the golf industry to enhance the customer experience, and inform business insights.
- ▶ **Quality Experience**
Our courses continue to be the best value golf experience in Los Angeles County.
- ▶ **System Unity & Sustainability**
Unify our collection of golf properties into a true *system* that is self-sustaining and also continues to generate significant funding for County parks, for the benefit of all residents.

About LA County Golf

A vast portfolio of highly-utilized golf assets

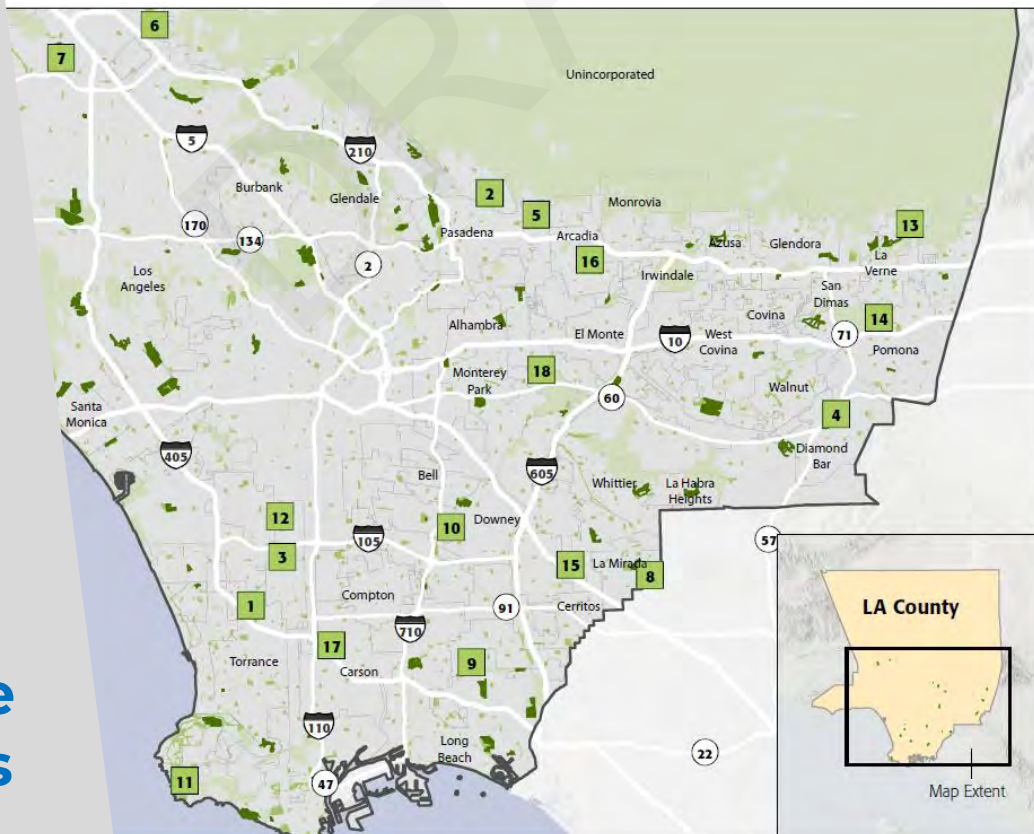
The Los Angeles County Department of Parks and Recreation (DPR) oversees the largest municipal golf course system in the nation, with 20 golf courses at 18 different facilities. Our golf courses are broadly distributed geographically and offer tremendous variety appropriate for all skill levels. This golf course system offers affordable green fees, special discount programs for senior citizens and students, and our facilities are host to a variety of junior camps and after-school programs.

Our golf facilities are highly utilized, consistently exhibiting well over one million rounds of golf each year, system-wide. County golf facilities are frequently used for events, weddings, banquets, and for community-serving events such as blood drives. Our golf system also benefits residents who don't make use of the golf system—on an annual basis the golf system typically generates a net contribution of approximately \$10M to \$12M to the Department of Parks and Recreation general fund which supports all County parks and recreation facilities.

1.2 Million
Rounds Played
System-wide 2019

\$10 Million⁺
Net contributions
to DPR budget
System-wide 2019

20
Golf
Courses
18
Driving
Ranges
18
Separate
Facilities



County Golf Courses

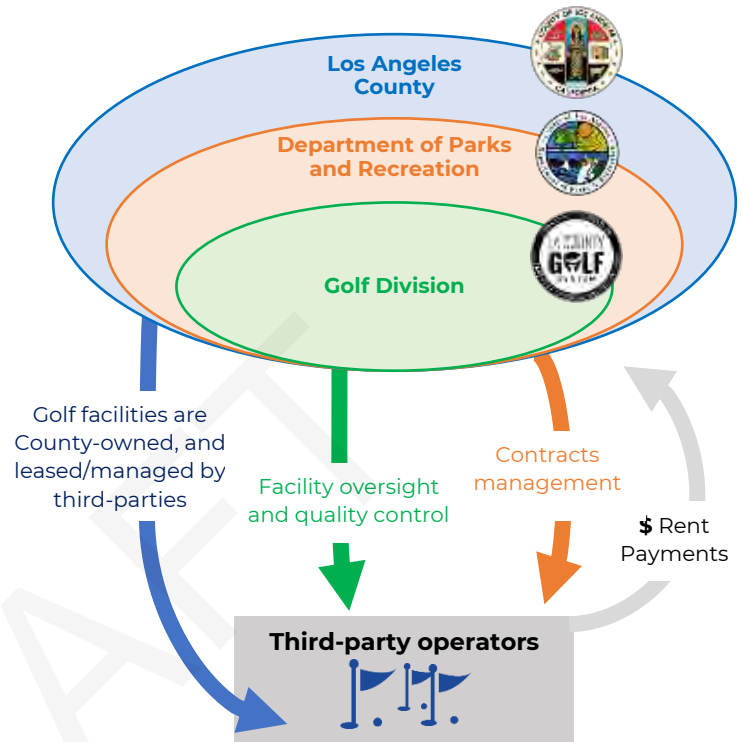
- 1 Alondra Golf Course
- 2 Altadena Golf Course
- 3 Chester Washington Golf Course
- 4 Diamond Bar Golf Course
- 5 Eaton Canyon Golf Course
- 6 El Cariso Golf Course
- 7 Knollwood Golf Course
- 8 La Mirada County Golf Course
- 9 Lakewood Golf Course
- 10 Los Amigos Golf Course
- 11 Los Verdes Golf Course
- 12 Maggie Hathaway Golf Course
- 13 Marshall Canyon Golf Course
- 14 Mountain Meadows Golf Course
- 15 Norwalk Golf Center
- 16 Santa Anita Golf Course
- 17 Victoria Golf Course
- 18 Whittier Narrows Golf Course

- County Boundary
- Cities in LA County
- Other Public and Private Golf Courses
- Regional Parks and Open Space
- City and Neighborhood Parks

About LA County Golf

County-owned golf facilities are operated under a lease or management service agreement, with oversight and administration by the Department of Parks and Recreation

The structure of the operating model of our golf system directly informs the concepts and strategies described within this Strategic Plan. The most important attribute of our system is that the Department of Parks and Recreation does not directly operate any golf facilities. Rather, county-owned golf properties are leased to or managed by private third-party golf management companies which operate our golf courses. The Department of Parks and Recreation serves an administrative role by monitoring the performance and quality of the facilities and managing the lease contracts for the golf facilities. With few exceptions, each facility is under its own lease agreement. However, many of the individual leases are held by common operators; 13 of the 17 contracts are held by just four operators.



In 2019, 104,000 rounds of golf were played at Los Verdes Golf Club, more than **3X times** the national average



Role of County-Owned Golf Courses

Equity and Accessibility

We recognize and celebrate the critical role our County-owned golf courses have played in reducing barriers of race and inequity in golf. While significant improvement has been made since 1955, the Department remains committed to furthering diversity, equity and inclusion at County-owned golf courses.

In 1955, African-American civil-rights activist and golfer, Maggie Hathaway, applied for membership to the Golf Course's all-Caucasian Women's Golf Club, which rejected her application. Ms. Hathaway brought the matter to the attention of then Supervisor Kenneth Hahn, arguing that the club was not allowed to discriminate based on race while playing on County-owned land, which she and other minorities paid taxes to help maintain. Supervisor Hahn agreed, banned the club from the course, and extended the ban throughout the County, forcing golf associations to diversify and admit African-American golfers. Subsequently, notable African-American golfers began to play at the course, including Charles "Charlie" Sifford, Ted Rhodes and Joe Louis.



CHESTER WASHINGTON GOLF COURSE COUNTY OF LOS ANGELES HISTORIC LANDMARK NO. 4



CHESTER WASHINGTON GOLF COURSE IS THE FIRST GOLF COURSE TO BE INTEGRATED IN THE COUNTY. IN 1955, EVENTS AT THE SITE LED TO THE INTEGRATION OF ALL COUNTY-OWNED GOLF COURSES AND THE ADDITION OF A NONDISCRIMINATION CLAUSE TO COUNTY FACILITY CONTRACTS WITH CONCESSIONAIRES, DESIGNATED AS A HISTORIC LANDMARK ON APRIL 7, 2020 BY THE BOARD OF SUPERVISORS.

**HISTORICAL LANDMARKS
AND RECORDS COMMISSION**

Chester Washington Golf Course: Integration in LA County Golf

Originally named the Western Avenue Golf Course, the facility was renamed in honor of the prominent African-American journalist and newspaper publisher, Chester L. Washington, in 1982 by LA County Supervisor Kenneth Hahn. The Golf Course has historical significance as a site of important political and cultural events in the history of African-American golfers. It was the first golf course to be integrated in the County, and events at the site led to the integration of all County-owned golf courses and the addition of a non-discrimination clause to County facility contracts with concessionaires. In 2020, Chester Washington Golf Course was designated as a historic landmark by the Board of Supervisors.

Facilitating access and a lifelong endeavour in Golf

By total participation, Golf is one of the most popular sports in the United States, and more broadly is among the most participated-in outdoor recreational activities. In our undersupplied market for public-access golf which is saturated with member-only private golf facilities, our County-owned courses serve an important gap in the market for accessible and affordable golf by providing multifunctional public-access golf facilities in our diverse communities.

The format in which golf is played is inherently inclusive—it can be and is played by people of all abilities and ages, and can be a lifelong outlet for recreation and socialization with family and friends as well as a platform for meeting people in the community and making new friends. A new golfer can find everything they need at our facilities, including equipment, lessons, practice facilities, and can work their way up from playing development-based par 3 courses such as the Alondra Par-3 Course to 18-hole championship length courses such as Lakewood.

Building Healthier Communities

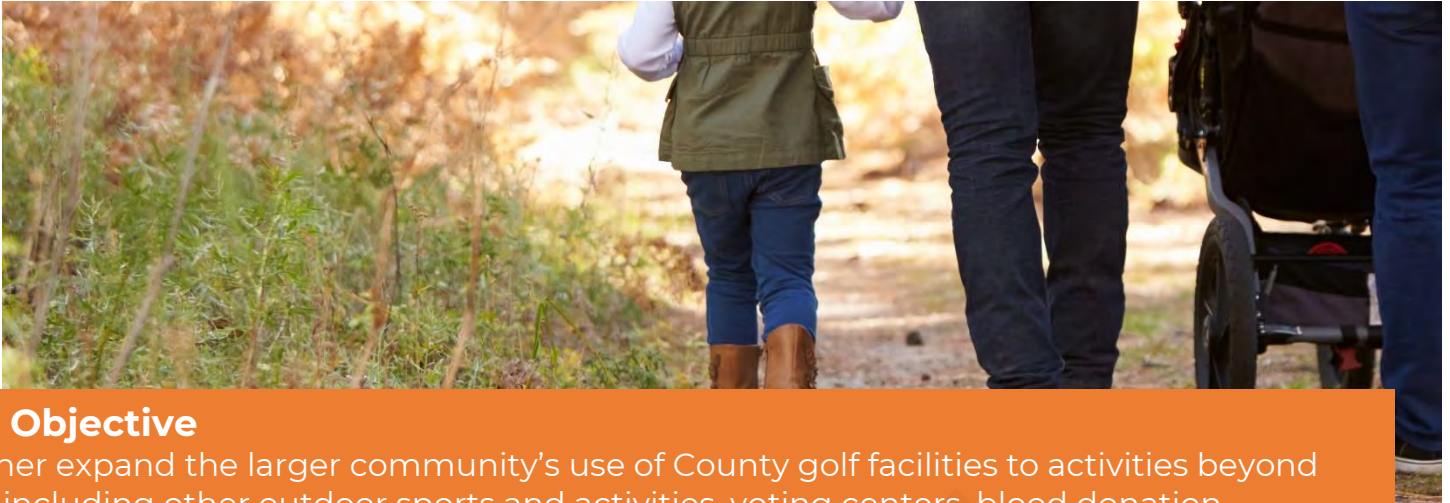
County golf facilities play an important role in promoting healthier, more active lifestyles for County residents. In addition to providing benefits of spending time outdoors and contact with nature, County-owned golf facilities allow residents to pair recreation with moderate-intensity physical exercise, providing both physical and mental health benefits for people of all ages and genders who engage in the sport.

In 2016, golf was introduced to the Summer Olympic Games in Rio de Janeiro. Emerging independent research and studies from the sports medicine and health communities around the globe indicate that there are measurable and meaningful long-term health benefits and protection from participation in golf.



As a moderate-intensity physical activity, walking an 18-hole round of golf covers approximately **5 Miles** and can burn up to **2,000** calories.

Community Access and Integration



Key Objective

Further expand the larger community's use of County golf facilities to activities beyond golf, including other outdoor sports and activities, voting centers, blood donation, banquets and events.

Our successes and challenges today

Introducing community benefit initiatives

The department has begun to appreciate the need for contractual measures to ensure the golf courses play a part in facilitating and hosting non-golf-based community events. In an upcoming solicitation, we are stipulating that the successful proposer host at least two community events such as blood drives or polling locations per year. In addition, if requested, operators will be obligated to collaborate with the department to include community benefit capital projects at the Golf Courses such as trails and walking paths, fitness zones and other recreation amenities. There are opportunities on the horizon to broaden these initiatives and actively work to develop more mixed-use projects at our golf facilities.

Additional incentives are necessary

In addition to cooperating on community initiatives, our operators also serve the community in a non-golf capacity by hosting a variety of private events, weddings, and banquets on a regular basis. However, operators are incentivized to offer these services by the fees they are able to generate, as is expected. As private businesses, it would be unreasonable to count on operators to voluntarily allocate resources to developing nature trails or other offerings that do not directly or indirectly result in financial gain. The private sector will produce creative and innovative concepts and plans for stronger community engagement, but must be incentivized to do so.

Repurposing facilities

Wholly repurposing some golf courses as open space or alternative non-golf uses has been entertained at various times in the past. The department does not view wholly repurposing golf courses as a prudent path forward, due to the undersupply of public-access golf in the Los Angeles area, and because our golf assets provide an invaluable recreational and social outlet for a high proportion of residents relative to many other sports and activities. Modifying or repurposing adjacent or underutilized parcels for community benefits or activities that are within the premises but out of play for golfers is feasible and can be considered. Additionally, incorporating public trails and other publicly-accessible amenities in some underutilized portions of existing facilities has been achieved successfully in numerous communities, and can be considered for County courses.

Liability barriers

The most significant barrier to integrating mixed-use activities at golf facilities has always been the liability of having people who aren't golfing being struck by an errant golf shot. The reality is that this is a difficult barrier to curb, as it is the nature of the sport, but its consideration will be important in planning and bringing mixed-use concepts to fruition. Careful planning at some of the County's facilities could allow some additional community-serving facilities to be integrated into or alongside County Golf Courses.

Community Access and Integration

Our vision for the future

- The buildings and surrounds at County golf facilities should serve as communal ‘hubs’ for non-golfers; places where someone may stop by for a bite in the café, do some reading or studying, go for a nature walk on a mixed-use trail, or participate in other outdoor recreational activities.

Key Strategies

- ▶ **Require Operator Support:** In all future solicitations, we will require proposers to commit to hosting non-golf-based community events at no charge to the community, and, in partnership with the Department and upon funding availability, to complete capital projects that have significant community benefit and enhance local access to recreation.
- ▶ **Create incentives:** Revise scoring methodology for any new solicitations to reward proposers who demonstrate a willingness to introduce community integration initiatives and are eager to cooperate with the County in expanding the uses of the golf courses.
- ▶ **Review successful conversions:** Review successful conversion projects from around the world and determine which conversions have parallels to County courses where a similar template for conversion can be followed.
- ▶ **Reducing liability burden:** We will devise strategies to introduce new community uses to our golf facilities without increasing the exposure of liability to operators, as this would likely result in an unwillingness to cooperate in any such initiatives, and would not be fair to them.
- ▶ **Inter-department coordination:** Communicate and liaise with other divisions and departments within the County who are responsible for planning non-golf related community initiatives to give a clear signal that we are striving to expand the use potential of our golf courses and to consider their peripheral out of play areas as a potential opportunity for new projects. This includes the Department of Parks and Recreation, Department of Public Health, Department of Senior and Community Services, and the Department of Housing and Community Development.
- ▶ **Identify opportunities:** We will internally review the golf properties to gauge the potential acreage of out play land available for other recreational or community uses such as dog parks, fitness zones, and other open space uses. We will also evaluate opportunities for connecting to existing trail networks or potential to create new walking paths or trails on the demised premises, and also consider which facilities are in locations with the greatest parks need based on the Countywide Comprehensive Parks and Recreation Needs Assessment, conducted in 2016.

Don Knabe Golf Centre and Junior Academy (managed by CourseCo) features a purpose-built ‘Community Room’ with desks and chairs, white boards and AV equipment for use by residents and organizations requiring space for meetings, events or classes.



Golf Accessibility and Diversity



Key Objective

Play an important role in growing the game of golf in Southern California and help shape how future generations engage in golf at the grassroots level.

Current strategic successes and challenges

Affordability and access

Providing affordable golf for residents has always been, and continues to be one of our goals. In recent years, the system-wide average green fee paid for all rounds at all facilities was just under \$22. The average rate for an 18-hole regulation-length round, not including juniors and 9-hole rounds was just under \$25. The average junior paid approximately \$4.50 per round, while senior discount cardholders paid an average of \$15 per round. The County golf courses offer the best value for money golf available in the County.

Junior Golf

Through organizations such as the LA County Junior Golf Foundation (LACJGF) which offers free golf lessons year-round through after school programs, and the SCGA Junior Golf Club which creates affordable access to golf for youth, and many others—our junior golf initiatives have been successful and we will continue to value and relentlessly support Junior golf. The greatest opportunity for furthering our junior initiatives lie in addressing the capital deficiencies at our development-based facilities which are an ideal training ground for juniors.

Growing the game

There is a lot of misinformation about golf participation and its supposed decline. Golf participation has certainly decreased since its peak in the mid-2000s, but a longer time horizon reveals that golf participation has been relatively stable for the past 30 to 40 years. In the past decade, golf demand has been evolving. According to data from the National Golf Foundation (NGF) on-course participation increased in 2018 for the first time in 14 years, and off-course participation and latent demand have been steadily increasing. Nevertheless, the game must continue to appeal to a new generation of golfers who are approaching the game differently than past generations. Municipal golf courses are at the front lines of this transition and play an important role in shaping what the future of golf can look like at the grassroots level. Creating a laid-back and inviting community atmosphere at our facilities will be critical to growing the game and appealing to new generations.

Golf Accessibility and Diversity

Our vision for the future

- The golf facilities continue to positively impact the lives of residents in the community, and provide an outlet for youth to recreate and carry the life-long values that can be realized through participation in golf at little or no cost.
- Our array of inviting options to experience golf through off-course experiences and development-based facilities provide a platform to materially grow the game of golf in southern California. We want our golf facilities to be perceived as parks with golf as an amenity, rather than purely dedicated golf clubs or courses.

Key Strategies

- ▶ **Off-course experiences:** Prioritize and focus on capital projects that add or improve our off-course golf experiences which are critical for growing the game. This includes supporting projects that make our driving ranges more accessible and fun for non-golfers and also introducing new technologies such as top tracer to our ranges for the more advanced golfers.
- ▶ **Price controls:** Enforce a maximum allowable rate approved by the Board of Supervisors to ensure affordability. Price floors in place to preserve rate integrity will not apply to junior rates which were previously fixed. This will allow operators to implement creative promotions around 'free golf' for juniors.
- ▶ **Continue strategic partnerships:** We will continue to nourish invaluable partnerships and programs such as the Southern California Golf Association Junior Program and the LACJGF.
- ▶ **Create incentives:** Revise scoring methodology for any new solicitations to reward proposers who demonstrate desire for facilitating grassroots golf and support for junior golf.
- ▶ **Promote and encourage diversity:** We will engage local and under-represented golfers in LA County by encouraging our operators to partner with community-based organizations and/or non-profit organizations to provide golf events that provide recreation programming and events, junior golf programs and golf clinics, serving local under-represented and vulnerable youth.
- ▶ **Supporting development-based facilities:** We will fully support large-scale capital injection into our development-based facilities. Although these facilities tend to be shorter in length, courses like the Alondra par-3, Maggie Hathaway, Don Knabe and El Cariso provide an amazing platform for juniors and beginner. These facilities actually feed the golf system as golfers develop and grow up to playing the larger regulation courses.
- ▶ **Emulate successful models:** We will learn from other municipalities and operators that have taken a fresh approach to reimagining what the future of municipal golf can look like and seek to emulate these models. A regional example of a brilliant success story is Goat Hill Park in Oceanside, CA.

In 2017, using funds from the CIP fund with guidance and oversight from the County Golf Division, **La Mirada Golf Course** (American Golf) remodeled the driving range, incorporating visually striking synthetic turf outfield targets.



Modern Infrastructure



Key Objective

Upgrade facilities to modern standards of excellence, which are welcoming to golfers and non-golfers alike, at all LA County golf system facilities, irrespective of the revenue they are independently able to generate.

Current strategic successes and challenges

Success of CIP and GCIF

The golf system has strong mechanisms in place such as the Capital Improvement Program (CIP) fund and Golf Course Improvement Fund (GCIF) to finance capital requirements. Over the years, in coordination with the Golf Division, facility lessees have undertaken incredible capital projects at our facilities which have improved the experience for golfers, and in some cases completely turned facilities around for the better.

Distribution of capital funds

Even with our progressive and proactive funding approach, some facilities do appear tired, and exhibit asset deterioration as a result of deferred maintenance. A key contributor to this is that the CIP and GCIF funds are not system-wide, rather they are siloed by facility; each with their own independent CIP and GCIF funds—relying on their own revenue for funding. As a result, some lower revenue generating community-based facilities are left underfunded and left trapped in a cycle of underfunding and low utilization.

Out of sight, out of mind

Naturally, there is a tendency for operators to focus on endeavouring in capital projects that are customer-facing and improve the quality of the experience. At some facilities, the critical infrastructure that is out of sight has not gotten the attention and funding it deserves, and in some instances the extent of the deferred capital maintenance is not clear to operators or those charged with approving new projects, making it difficult to prioritize the allocation of funds.

Ease of access to funds

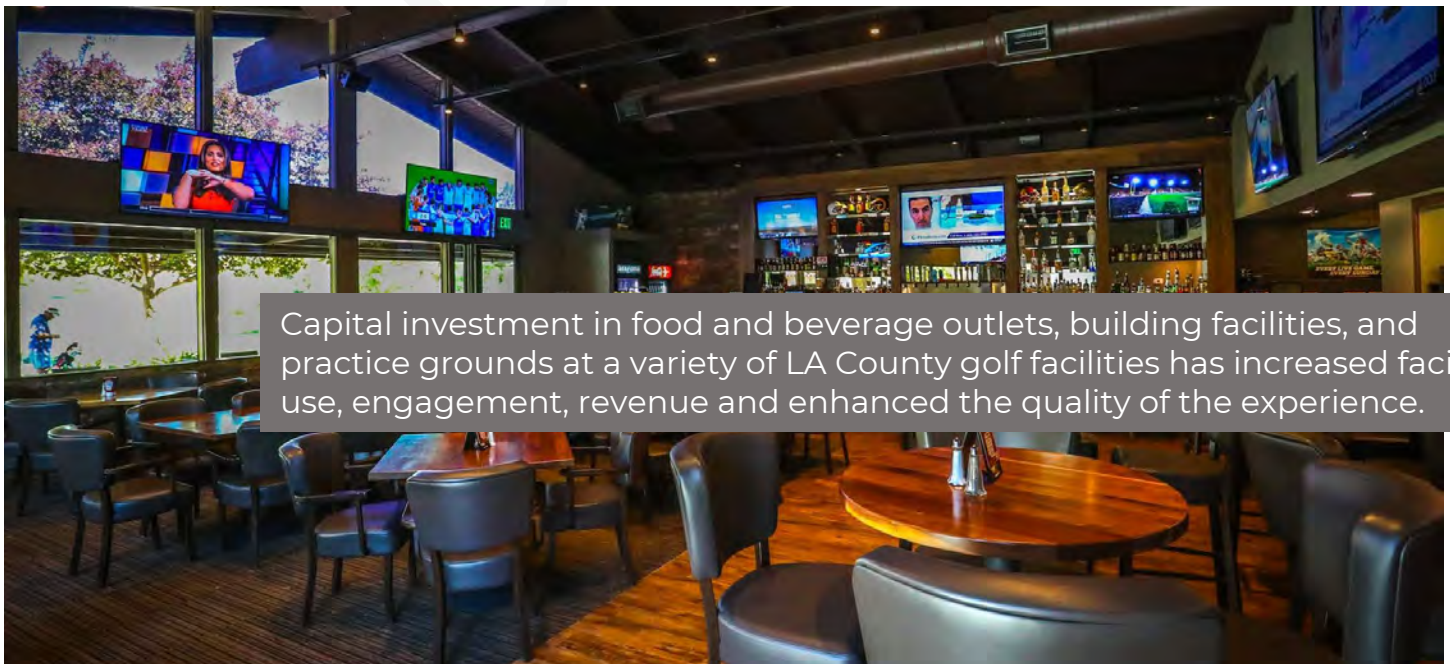
Rightfully so, accessing the funds requires approval and work completed is subject to the County's bidding and prevailing wage requirements. At times, operators have found this process burdensome and inefficient for smaller capital projects, which are still critical for ongoing capital maintenance but require a rapid response. In a need to respond quickly, some operators have incurred the expenses themselves to avoid the prolonged process.

Our vision for the future

- On-course and off-course capital infrastructure at all of our golf facilities is in excellent condition with no facility exhibiting signs of major deferred capital maintenance.
- A self-sustaining golf system that not only funds its operating expenses, but adequately funds capital requirements on an ongoing basis.
- Future capital spending requirements are clearly measured and documented for the benefit of administrators and those charged with oversight of the golf system.

Key Strategies

- ▶ **CIP Pooling:** To improve distribution of funding, going forward all new solicitations will enable CIP funds generated at each facility, system-wide to be pooled for use at any facility; regardless of the facility that the CIP funds originated. We will also seek to work with operators to amend existing agreements to allow for this mechanism to take effect.
- ▶ **Easy-access capital:** For new contracts, we will implement a requirement for facility lessees to spend a minimum annual amount (MCAPEX), calculated as 1.5% of gross revenue, on capital maintenance. The capital maintenance spending will not be subject to minimum bid and prevailing wage requirements. We will seek to negotiate these terms into existing long-term contracts.
- ▶ **Measuring Deferred Capital:** The department will seek to gain a more measured understanding of deferred capital maintenance requirements for its golf properties to achieve a prudent allocation mix of capital dedicated to new improvement projects while addressing long-term infrastructure maintenance needs.
- ▶ **Outside funding:** Continue to seek private capital funding at the onset of a new lease agreement, and funding from grants, scholarships and other sources beyond our department.
- ▶ **Durable investments:** Recommend and approve durable capital projects that mitigate ongoing maintenance costs and are more resilient to deterioration, while still delivering a modern quality experience.



Capital investment in food and beverage outlets, building facilities, and practice grounds at a variety of LA County golf facilities has increased facility use, engagement, revenue and enhanced the quality of the experience.

Environmental Stewardship



Key Objective

In a fiscally responsible manner, reduce the use of harmful pesticides, water consumption, and continue to facilitate ecologically friendly golf course maintenance practices which protect the environment and wildlife habitats.

Current strategic successes and challenges

Green initiatives

Although the County's golf facilities are a sports and recreational outlet for our residents, these vast areas of community green space are biodiverse and are home to a variety of wildlife habitats, plants, and insects. County golf facilities are already certified or in the process of getting certified as Audubon sanctuaries – a certification operators are required to attain within 48 months of being awarded the solicitation to operate the facility.

Water Conservation

The availability of water is an existential threat to golf in general, with facilities in California being particularly vulnerable. As the overseeing body of our golf facilities, it is our responsibility to ensure that in partnership with the operators and other related associations, we continue to take the measures to protect assets by making our golf courses more drought-resistant and capable of delivering an excellent golf product with reduced water consumption. Water conservation

efforts require substantial cooperation, planning, and a financial outlook which encompasses a long time-horizon; there must be an appetite to make short-term sacrifices for long-term success and sustainability.

Unwinding in a fiscally responsible manner

There is a growing demand from the public and oversight bodies such as Public Works to reduce the use of chemicals, pesticides, and herbicides such as glyphosate. We strongly support these efforts, but we are also acutely aware of the financial and operational strain this can cause for our operators and golf parks if an abrupt restriction is put into effect. A substantial time frame is required to responsibly phase out the use of certain chemicals which are currently a critical component for sports turfgrass management. Emerging organic golf maintenance practices will continue to be considered and explored at County golf courses.

Our vision for the future

- We want our golf system to be testing and implementing progressive environmental practices that are on the cutting edge, and to serve as a model system for other municipalities.
- Our golf courses are measurably more ecologically friendly; being maintained with less water, transitioning to recycled water sources where possible, and exhibiting a reduction in the use of chemicals and pesticides.
- Future and existing private-sector operators are cooperating with us and implementing environmentally friendly practices not just to appease our interests, but because they genuinely share the same values and appreciate the impact these efforts can have on the betterment of our community and the game of golf.

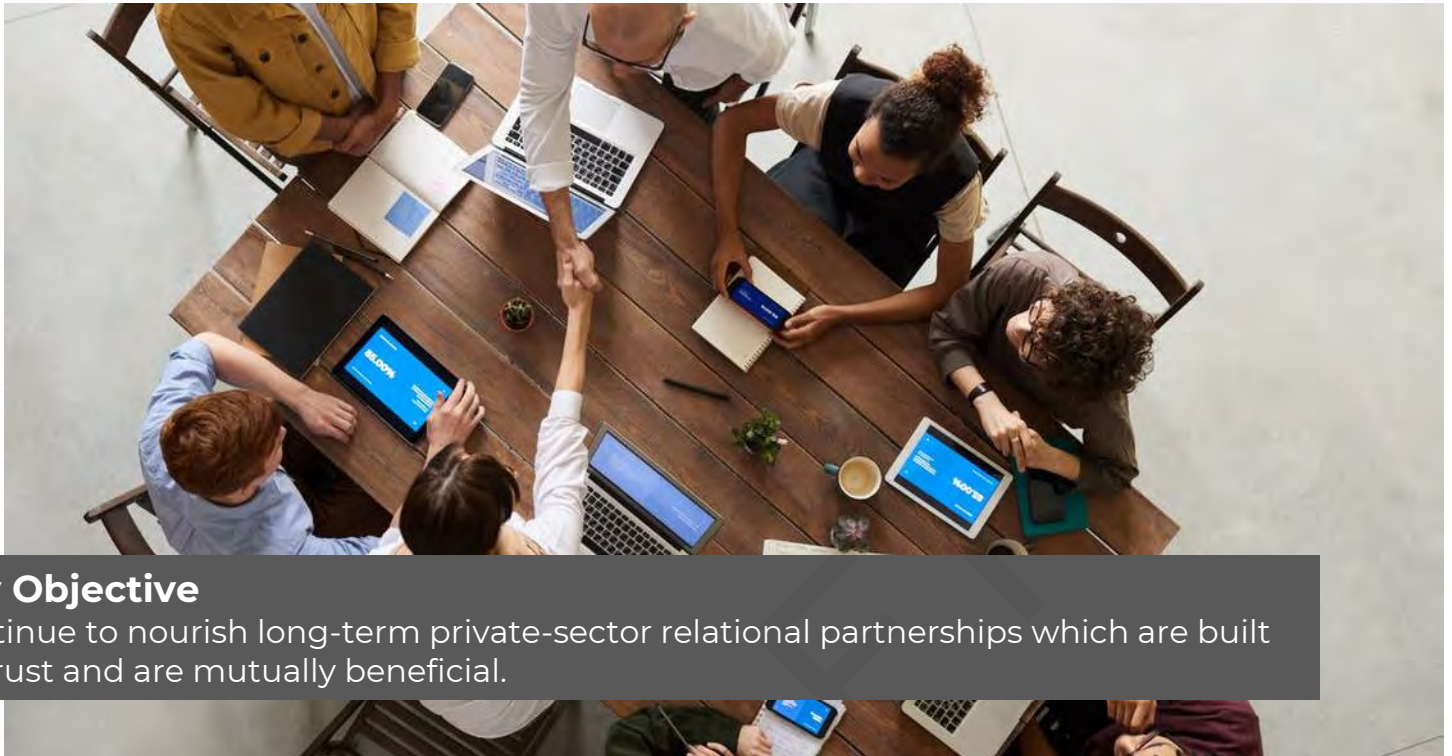
Key Strategies

- ▶ **Environmental planning:** Require operators to develop and submit an environmental plan which addresses the lessees' goals with respect to water conservation, chemicals and fertilizers, and wildlife habitats, and holding them accountable to their targets.
- ▶ **Innovation partners:** Craft mutually beneficial strategic partnerships with leading turfgrass research organizations and institutions such as the USGA and UC Riverside to conduct research and employ cutting edge maintenance practices at our facilities.
- ▶ **Resource management technology:** Together with our operators, employ a single maintenance resource management tool across all facilities to help identify and quantify opportunities for improvement, and to enhance reporting capabilities back to Golf Division administrators.
- ▶ **Create incentives:** Revise scoring methodology for any new solicitations to reward proposers who demonstrate a strong plan for environmental stewardship and are likely to cooperate with the County in meeting its environmental objectives.
- ▶ **Invest in research:** Expand the uses of the CIP and GCIF funds, or dedicate a new fund to allow allocation of spending towards soft costs for research and reconnaissance for environment-related capital projects.
- ▶ **Tackle low-hanging fruit:** Incentivize and work with operators to identify near-term opportunities at each facility for turf reduction whereby out of play turfgrass areas can be transitioned by either being removed and replaced with native plantings, or left to grow out or go dormant.
- ▶ **Seek exemptions:** In some municipalities, golf courses are exempt from the blanket bans on the use of certain chemicals. We will use these as examples to reinforce the importance of having some initial exemptions to allow for phasing out certain chemicals over time.



El Cariso and Knollwood strategically took advantage of a LADWP drought resistant landscape incentive program by removing several acres of turf in areas that are out of play for golfers, significantly reducing water expenses.

Private-Sector Partnerships



Key Objective

Continue to nourish long-term private-sector relational partnerships which are built on trust and are mutually beneficial.

Current strategic successes and challenges

Commitment to third-party operation

The outsourcing of the County golf course operations long ago has enabled our golf system to thrive and is one of the core aspects of our operating model that allows the system to remain financially self-sustaining. Our private-sector partners are the backbone of the Los Angeles County golf system; they are the ones operating the facilities day to day. We are committed to continuing the operation of our facilities under a privatized model whereby the operation and maintenance of our golf assets are contracted to a third party, with diligent oversight from our department.

Changing landscape for operators

In recent years, the department has experienced some isolated incidents with operator deficiencies such as unpaid rents and other delinquencies. If some action is not taken now this trend may continue. The terms of our operating leases, including the rents to be paid by operators, were established many years ago. Since then, the operating profile of the facilities has materially shifted for the operators, with their input expenses increasing at a faster pace than the green fees they are allowed to charge. This slow shift over time has made it increasingly difficult for some operators to pay their rents while remaining financially viable.

Strategy through contracts

Since we do not directly control the operations of each facility, our contracts are our key tool to affect change and enable strategy. Currently, our facilities are contracted under 17 separate agreements. Dealing in this transactional manner can be difficult at times and requires a significant amount of resources allocated to contract management and administering solicitations for the operation of our facilities. We believe there are efficiencies available in reducing the number of contracts and improving our partner relationships by making the contracts more flexible and relational to allow for more rapid response to changing circumstances.

Teeing up for success

Contractually, the inherent business risks of operating the golf facilities lie with the operators. However, these facilities provide a critical recreational outlet for our County residents, and if our operators are not able to succeed the entire golfing community and community at large suffers. The County wants to ensure that at the onset of a new solicitation and throughout its duration, the operator has adequate support and that the structure of the agreement results in the highest probability of success.

Our vision for the future

- Rather than managing contracts, our administrators are managing and nourishing relationships and working with our partners on our shared objectives in a relational manner, rather than a transactional one.
- All of our lessees are meeting their rent obligations to the County while generating a fair and equitable income from their business ventures in accordance with the risks and capital investment they are undertaking.
- There is a high degree of mutual trust and cooperation between the department and the lessees, and when problems arise, referring to contract is both parties' last resort of remediation.

Key Strategies

- ▶ **Facility bundling:** To mitigate operator risk and improve administrative efficiency, we will enter into more multi-facility 'bundled' operating agreements whereby facilities that have historically been more vulnerable to operating deficiencies are paired with facilities that are proven to easily hold their own.
- ▶ **Lessee-side performance monitoring:** We will require operators to submit not only topline sales and utilization information as they are currently required to, but also to submit monthly trial balances in a digital format which the department can easily load and use to assess the operators' overall financial performance.
- ▶ **Lease Operating Model:** With an upcoming solicitation which includes a facility previously operated under a management service agreement, all County golf facilities will be operated under its preferred lease agreement model in the foreseeable future. Nevertheless, we will continually evaluate the pros and cons of pursuing a management service agreement or any alternative models were new solicitations to occur over the next five years.
- ▶ **Safety nets:** To ensure we have a back-up plan in the case of an operator default or delinquencies beyond reasonable repair, we will retain golf management service providers through an RFSQ process, who can respond rapidly to a work order to temporarily operate facilities on an as-needed basis.
- ▶ **Strengthen communication:** Establish more frequent and less formal communication channels with operators and stakeholder groups to discuss operational, tactical and strategic issues and opportunities.
- ▶ **Relational framework:** Seek delegated authority from the Board to amend certain elements of our contracts without approval in each instance, creating a more flexible framework allowing administrators and lessees to easily revisit and amend certain terms of the agreement as circumstances change.
- ▶ **CPI increases:** To ensure revenues can keep pace with operating inputs, we will ensure the maximum allowable green fee can be increased annually by CPI, at the department's discretion.

A number of County golf facilities have reached the end of their long-term leases. These facilities will be 'bundled' for operation by a single operator under one multi-facility agreement.



Business Intelligence



Key Objective

Allow operators and department administrators to capitalize on emerging technologies in the golf industry to enhance the customer experience, and inform business insights.

Current strategic successes and challenges

Topline performance monitoring

We have effective methodologies for monitoring and tracking historic revenue and rounds played information. On a monthly basis, the department collects standardized play reports and statements of gross receipts from all operators for review and for determining the appropriate rent owed. The missing link has been to monitor the operators' bottom line performance which would allow us to get a better perspective on lessees' financial fitness. This is important as it would give earlier warning signs of a lessee potentially defaulting on their rent payments, which would allow us to take corrective action sooner.

Green fee pricing

Prior to allowing dynamic pricing in March of 2020, green fee prices at our facilities have historically been static and were not differentiated by facility – only by facility type. This uniform pricing structure has contributed to an unbalanced utilization of the facilities, whereby value-seeking golfers migrated to the facilities with the best perceived value proposition. We will capitalize on the opportunity to better optimize supply and demand with dynamic pricing through the use of online booking engines. Furthermore, we will seek to make the booking experience which is somewhat fractured today, more consistent across our system.

Underutilized technology

Business tools and technology specific to the golf industry, and in general, are becoming easier and more accessible for operators to improve operations and for department administrators to monitor and track performance. There are opportunities in the near term for both the County and the operators to take advantage of available technologies for data analysis of business information to gain operational insights.

Research potential

Los Angeles is the most undersupplied major metropolitan market in the nation for public golf courses per capita. The undersupply combined with a year-round golf climate results in many public facilities running between 70k to 100k rounds per year. With water restrictions and droughts, there are also scarce resource challenges faced in LA that are unique, but becoming more prevalent across the world. As golf supply continues to correct in other parts of the United States through course closures, Los Angeles gives the golf world a peak into what the future of golf in cities may hold, making it an ideal market for field research to better understand how to navigate public golf's future. LA facilities can serve as 'golf labs' for tackling key issues such as pace of play and pushing the envelope for innovation of golf operations.

Our vision for the future

- At the touch of a button, our administrators are able to visualize and compare important performance KPI's of the County golf courses.
- In partnership with organizations such as the USGA, operators are piloting innovative industry solutions such as pace of play software, automated mowing technology, and resource management tools.
- The majority of golfers are choosing to interface with our golf courses digitally for bookings, check-in, and communication.

Key Strategies

- ▶ **Dynamic pricing:** Based on work completed through this strategic planning process, as of March 2020, we have allowed operators to implement dynamic pricing and yield management practices within the boundaries of the maximum allowable rates approved by the Board of Supervisors.
- ▶ **Market data availability:** Making data collected by operators such as demographics, ZIP code, and email is available to the department for communication purposes and for business analysis to better understand utilization patterns of the golf system.
- ▶ **KPI Dashboarding:** The department will standardize a methodology for operators to easily upload monthly expense information. All financial and utilization data will be aggregated into a simple cloud analytics platform for internal dashboarding and reporting.
- ▶ **Research partners:** Pursue research projects with governing bodies such as the USGA and other key industry associations leading the charge on industry innovation.
- ▶ **Central reservation system:** We will consider contracting the development of a central tee time booking system for use across all County golf courses.

The **USGA** is actively conducting research on innovative solutions for improving pace of play. A recent survey of LA County facility golfers indicated that **81%** of golfers were deterred from playing more often as a result of slow pace of play.



Quality Experiences

Key Objective

Our courses continue to be the best value golf experience in Los Angeles County.



Current strategic successes and challenges

Value; balancing affordability and quality

Targeting the lowest price point for green fees doesn't necessarily translate to being the best value option in the market; it's about balancing quality with price point, and naturally, a higher green fee will allow operators to deliver a higher quality experience. In a recent survey we asked LA County golfers if they were willing to pay more for commensurate improvements to course conditions and improved pace of play. 73% were willing to pay 5% or more for improved course conditions, with the weighted average being 8.35% more. 69% of respondents were willing to pay 5% or more for improved pace of play, with the weighted average being 9.05% more. These survey results highlight the importance for us to find a balance between quality and price, and demonstrate that overall, golfers want a better experience and are willing to pay more for it.

Tournaments and leagues

Our facilities are host to a number of tournaments, outings and league play. Based on discussions with the GAC, there is an opportunity to ensure our operators are as accommodating as possible to these valued core social groups and leagues which represent an important part of some residents' lifestyle and livelihood.

Satisfaction measurement

Our assistant golf directors are responsible for conducting monthly inspections of our facilities, among other responsibilities. Our inspections ensure compliance with quality standards and propose corrective action to operators when something is not meeting expectations. Our staff have years of experience and are intimately knowledgeable about the facilities they are charged with inspecting. However, there is something to be said for understanding quality perception directly from the golfers and harnessing power in numbers. We believe our monthly inspections are critical, but also feel there is an opportunity to introduce more customer surveying on an ongoing basis to quantify satisfaction in an objective fashion.

Course conditions and pace of play

Due to the high utilization of our facilities, pace of play is an inherent challenge for all municipal facilities, there is ongoing research and best practices which can improve pace, but there is a ceiling for improvement. Unlike pace of play, there is a much greater opportunity to enhance course conditions at our facilities. In our survey, golfers indicated that good course condition is the most valued attribute of their experience.

Our vision for the future

- On a 5-point rating scale, all of our facilities are rated 4 out of 5 or better and all facilities exhibit a positive Net Promoter Score (NPS).
- More flexible pricing across our facilities allows each of them to deliver a consistent value proposition.
- Playing golf at our County facilities is a quality high value experience not just compared to other golf facilities, but as any recreational activity.

Key Strategies

- ▶ **Satisfaction surveys:** We will implement tools for administrators and operators to measure customer satisfaction on an ongoing basis in a consistent fashion across all facilities. We will use the results of these feedback mechanisms to establish quantifiable targets and objectively monitor changes over time.
- ▶ **GAC influence:** We want to give greater autonomy for the Golf Advisory Committee to affect change independently of the operators. The GAC and the residents the group represents have an intimate understanding of the customer-facing deficiencies at our facilities.
- ▶ **Course conditions:** Although we value and will continue to monitor all aspects of the customer experience, we want to specifically focus on improving course conditions at our facilities. In tandem with measuring satisfaction, we will be more data-oriented by also closely taking into consideration the amount operators are spending on golf course maintenance. We cannot enforce a certain amount of spend, but having this data available will provide more clarity to related strategic decision-making.

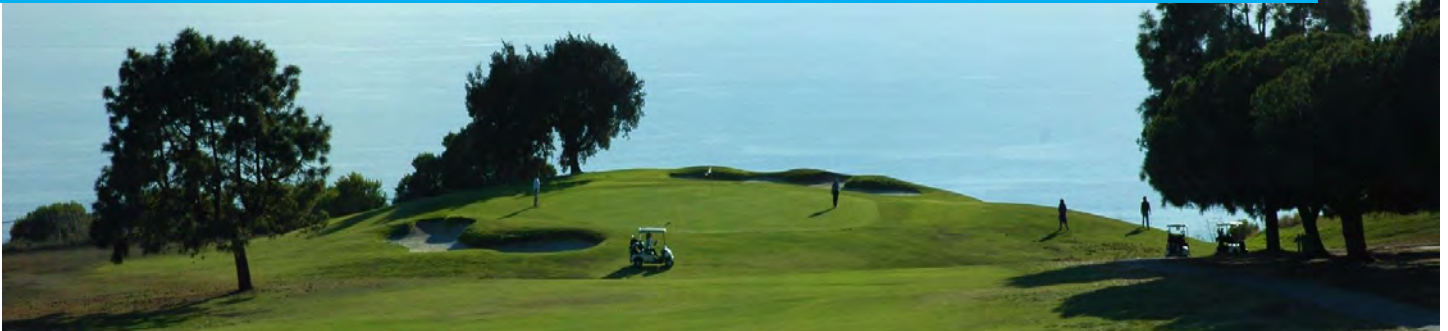
Since taking over the operations of **Santa Anita Golf Course**, Strato Partners LLC have made significant strides in elevating the quality of the overall customer experience by enhancing golf elements and peripheral amenities, resulting in increased utilization and revenue.



System Unity & Sustainability

Key Objective

Unify our collection of golf properties into to a true *system* that is self-sustaining and also generates significant funding for all County parks, for the benefit of all residents.



Current strategic successes and challenges

Challenges from past success

Historically, the golf system has not only been self-sustaining, but has been able to consistently generate a significant amount of rent contributions for the DPR's general fund. As a result, these contributions from the golf system have come to be an expectation and are imbedded in the department's annual operating budget; we rely on the golf system. Over the years however, the expenses to operate our facilities have outpaced the revenues they generate due to affordability measures, and operators have been forced to make cutbacks in order to meet rent obligations. In turn, this also deteriorates the ROI for upfront and ongoing capital investment from operators, whereas, appetite for significant capital investment at lease onset was once plentiful, and was a viable strategy for capital funding and keeping the assets fresh. Despite this adverse operational shift over time, the same levels of rent are demanded and relied upon to meet the budgetary needs of the department. This systemic reliance on the golf system as a funding mechanism has worn out the golf assets and left some in destitute condition. There are structuring strategies and efficiencies which can and will be implemented over time to revive the operating profile of our golf facilities, but for now, we must accept that if affordability measures for golf are to be maintained, the level of rent which can be sustainably demanded from operators is not what it once was. To do what's best for the sustainability of the golf system and to ensure it can be a source of funding for decades to come, the department must supplement its reliance on golf and focus on rejuvenation of its assets over the next five years.

A unified system

Since our facilities are not directly operated by the County, delivering consistent branding and messaging has been a challenge; our identity is somewhat fractured. Properties' signage includes various logos and references to the operators, the name of the golf course, the County of Los Angeles, the Department of Parks and Recreation, and the Golf Division. The same can be said for our online presence. This poses an important strategic question— Should we strive to be a unified golf system, or continue to function as a collection of more independent real estate assets? Based on meetings with stakeholders the consensus is unequivocally that we should be operating as a unified municipal golf system.

Public sentiment and myth-busting

Public sentiment is one of the greatest threats to our golf system and to municipal golf in general. Golf can be an easy political target, often misperceived as an activity benefiting few and a burden on taxpayer dollars. The idea of converting golf courses to open spaces for other recreational activities has been increasingly championed around the nation—and in some cases justifiably so. While there is potential to broaden the recreational opportunities offered by golf courses in Los Angeles County, it is important to recognize that the system funds other recreational assets. Even after deducting the GCIF and CIP funds generated which support the golf system, the County golf system contributes \$10M - \$12M per year directly to the Department of Parks and Rec general fund. This revenue is used to build, maintain and manage all County parks for the benefit of all; residents who never step foot on a County golf course are still the direct beneficiaries of these assets.

Our vision for the future

- ▶ A unified portfolio of golf facilities that are all unique, but each deliver a consistent socially vibrant experience and play an impactful role as a social and recreational hub for residents in their respective communities.
- ▶ The unique character of each facility is preserved and highlighted, but our contracting of the facilities is simplified, more consistent, with all of facilities being operated under a handful of bundled agreements.
- ▶ All critical County stakeholders are better informed about the economics of the golf system and the history of its evolution over the years, to enable more prudent decision making and planning.

Key Strategies

- ▶ **Special Revenue Fund:** Set up the Golf System as a special revenue fund to effectively segregate the system as a utility to operate as a standalone enterprise where all revenues are meant to cover direct and indirect operating expenses, as well as fund capital maintenance and improvements. This will help communicate the true net contribution being generated by County golf.
- ▶ **Signage plan and unified communication:** We are developing a signage plan for our golf facilities and are creating clear guidelines for operators and making improvements to physical signage at our facilities and our online presence to help create a more unity and consistency across the system.
- ▶ **Outreach:** We will aim to build greater public awareness that golf courses are owned by LA County, about environmental and economic benefits the courses provide to County residents, and non-golf opportunities.
- ▶ **Attracting facility stewards:** Throughout our plan we've made several references to creating incentives by revising the scoring methodology for new proposals and focusing on various points of interest. Naturally adding scoring weight (%) to some areas requires a reduction in focus in other areas. We are going to focus less on promised rent payments, and focus more on the proposer's ability to be an excellent steward of our properties.

On an annual basis, the golf system contributes approximately **\$10M to \$12M** to the Department of Parks & Recreation's general fund, for the benefit of all residents.

