



# AUDIT HIGHLIGHTS

## Coronado Golf Course Lease

January 11, 2022

Audit Report No. 2113

### WHY WE DID THIS AUDIT

An audit of the Coronado Golf Course Lease was included on the City Council-approved fiscal year (FY) 2020/21 Audit Plan. The audit objective was to evaluate contract compliance and effectiveness of contract administration.

### BACKGROUND

In November 2005, the City entered a 30-year lease with Odanoroc LLC to operate the Coronado Golf Course.

The City owns 36 acres of the 44-acre Coronado Golf Course, located just south of Thomas Road and east of Miller Road. Since 1976, this City-owned land along with 8 acres owned by Odanoroc LLC has been operated as a 9-hole golf course and driving range.

The lease agreement requires the operator to pay all maintenance and operational costs associated with the development, redevelopment, and future renovation of the facilities and to make semi-annual payments of 10% of gross greens fees beginning in July 2021.

### City Auditor's Office

City Auditor 480 312-7867  
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### WHAT WE FOUND

#### **Despite operator noncompliance, remedial actions have not been taken.**

The lease agreement requires the golf course operator to meet certain obligations. However, we found the operator:

- Did not make the first lease payment in July 2021.
- Did not provide transaction data or other records to support the summary amounts provided.
- Had also not resolved prior safety and maintenance issues timely.

#### **The contract file should be more complete and organized.**

City policies require the contract administrator to maintain documents pertaining to contract-related activity in a contract file. We found:

- The reasoning and justification for not taking enforcement action for the golf course operator's noncompliance is not documented.
- Historical documentation of known past performance issues was not maintained in the contract file.
- Contract file organization and retention practices can be improved.

### WHAT WE RECOMMEND

We recommend Parks and Recreation Director ensure that the contract administrator:

- Works with the City Attorney's Office to identify appropriate contract remedies to obtain compliance from the golf course operator.
- Documents decisions and actions related to contract performance and operations and develops an effective organization system for the contract file.

### MANAGEMENT RESPONSE

The department agreed with the recommendations and estimated completing its action plan by May 31, 2022.