



HSVPOA Balboa Comprehensive Renovation Proposal at Board Retreat

Description

John Paul, Interim General Manager, gave a presentation on a proposed Balboa renovation at the Board Retreat on May 12, 2021.

John Paul said, “let me start off by saying that we’re not going to decide anything today. We’re not asking you for anything today. We’re just throwing out information and an idea. This will come to you in the form of a proposal later on. This is merely to put it out to the public about what we have and what the intentions are and how we intend to pay for it and when we intend to do it.”

“Balboa was built in 1987,” stated John. Everything is original including the irrigation system, the drainage, the greens, the cart paths. It is all original. “We started this renovation plan in 2007 when I was here as the Director of Golf,” said the GM. This project has been delayed for more than 15 years.

“The restaurant opened in 1988 and has 20,000 square feet. It was closed for a while because when we put the geothermal system in, actually the geothermal system still works there fairly well. It was an open-loop and the pond was too small for that, so they went to a closed-loop system and it has been working ever since,” stated Paul.

“The upstairs has been nonoperational since 2013 and there have been no building improvements. I think everybody can agree, it’s the last bastion of ‘ugly’ in the Village. It is one of our non-proud moments right now and we need to fix it,” said GM Paul.

It is not viable to close a golf course. The people that live on the Balboa Golf Course deserve to know what is going on.

A couple of years ago, management started a golf surcharge of \$2.50 a round.

“The surcharge started back when they started Magellan Golf Course. Back then it was \$3.00,” explained Paul. It was later reduced to \$2.00. That surcharge paid for the Magellan Golf Course, Granada Golf Course, Cortez renovation, and the Desoto renovation. We got an interest-free loan from Cooper to do the Isabella Golf Course.” Previously, Cooper had built every golf course and given it to the POA.

“The surcharge was reinstated for future funding for Balboa Golf Course,” said John Paul.

How Much is it Going to Cost to Redo the Balboa Golf Course?

The total Balboa renovation will be 4.4 million dollars. This figure includes the clubhouse. To put this in perspective, Isabella and Granada both cost 6 million [dollars] to build, for a total of 12 million dollars. The renovation of Cortez cost 2.5 million dollars. Costs have gone up.

What Does the Renovation Entail?

- Greens renovation
- Tee renovation
- All new bunkers built the right way
- Complete re-grassing of the fairways and runoffs
- Pumphouse
- Drainage system
- Cart path renovation
- Irrigation system – this is the big thing. Cooper built Balboa in 1986 and they used day labor to put in the irrigation system. They had nothing but trouble with that irrigation system. As a matter of fact, after the first couple of years, there were 5,000 leaks in that system. And there used to be a board [bulletin board] in maintenance [department] with pins in it where all the leaks were,” stated GM Paul. Fifteen years ago they took that down...It is really put together with spit and baling wire.”

The controllers are old and parts are not available. “It is time,” stated the GM.

The irrigation system is not visible. This will cost 1.8 million dollars. This is the impetus to do the entire renovation.

Where Did We Get the Numbers?

“This project was bid out substantially a few years ago and got really good numbers at that time. Since then, I’ve talked to the architect, Tom Clark, who’s been in the middle of two remodels. We’ve talked with his contractor who has gone over the numbers. I talked to another contractor in Dallas. They

originally had a 4.5 million dollar renovation estimation, two years ago, without the clubhouse. We got it down to 4.4 million with the clubhouse. A little bit of difference in there.”

Clubhouse

“The clubhouse estimation is just under \$291,000. The EIFS repair will be done in the same way we are doing the Woodlands Auditorium. This will cost \$145,000.

Plans for the Building

The plan is to use that building and to bring it back to life. We are out of room at the POA Administration Building. Workers are crowded. The last GM had plans to move the Golf Department to Balboa. The plan is to move the Golf Department and the Discovery Center to Balboa.

“As of yesterday, we have a letter of intent with somebody that wants the restaurant, downstairs and possibly the cafe upstairs, in time. Maybe not in the beginning. Maybe in the beginning.”

We are also talking to the Card Club about moving their operations to the top floor (back) of the Balboa Clubhouse.

We would be utilizing the whole building. This would bring life back to the building with activity.

This renovation would be for the whole building, except for part of the kitchen. Only the front part of the kitchen would be utilized, and also the walk-ins and the dumb waiter, etc.

The Board has taken a tour of the facility and it has been explained to them what is being proposed.

The outside of the building would be renovated and painted. The landscaping is already finished. The front would be cleaned up, paint the curbs. This would give good visual appeal both in and outside.

Plans for the Golf Course

How would we do this and how would we pay for it? GM Paul said this is explained in a spreadsheet.

The biggest eyesore on Balboa Golf Course is the cart paths. The bunkers are also a problem.

GM Paul said he considered keeping the course open and doing the bunker and cart path renovation at the end of this year. “By the end of 2022, we will have collected 1.5 million dollars to fund that part of the renovation. We don’t start getting negative until 2024, after we start the renovation in 2023. The bulk of the renovation for the golf course comes in ’23 and ’24 and that is 3 million dollars. In 2024, we would go negative, 1.5 million dollars. We would stay negative in ’25, a million. And then half a million and then catch up in ’27. So, we either borrow from ourselves or borrow from somewhere in order to pay for the renovation for three years while the surcharge keeps coming.”

The course would only be closed from November of ’23 to May of ’25. (about 18 months) “It would stay open the first two years, with the ugly gone [the golf course would stay open],” GM Paul.

GM Paul said he also has an idea on how to save three-quarters of the \$480,000 for cart path renovation.

Questions

Chair Corry asked if the current irrigation would have to be removed. GM Paul said it doesn't have to be removed, but new irrigation would need to be installed.

Balboa is the last of the big courses that has hybrid Bermuda grass. The new varieties of Bermuda are improved.

The irrigation system would cover the whole course so there would only be good grass.

This renovation would put Balboa up there as one of HSV's top courses.

Property Owner, Maxine Klein, asked if the irrigation would run under the cart path. GM Paul said, "In the past, we would have never done it that way. If you put the cart paths down first and then did the irrigation, you'd have to cut through the cart paths. In the last two renovations that the architect I worked with has done, it is just as cost-effective to bore under as it is to cut through. We think we can do the renovation without disturbing the cart paths and just bore under for the same price that we would have paid before."

Director McLeod asked if the restaurant would die when we shut down the golf course for 18 months. GM Paul said, "no, and they know that. Their eyes are wide open. They know there is going to be a time when the golf course will be closed. But we still have activity in the building. That is why I think it is important for the Card Club, there's 50 or 60 people a day that will be in there for that. Plus the Golf Department is going to be over there. There will be people in the building... This vendor feels like they can draw their own clientele in there to do what they are doing. Eyes wide open."

Property Owner, Marcy Mermel, asked if a parallel irrigation field could be done so that the old irrigation system would still function until the new system was in place. Paul said we don't want to do this.

Marcy asked about the greens. "The greens are an interesting dynamic, said GM Paul. That is where we are saving half a million dollars. They had in the budget to core out the greens." Greens should be replaced every 25 or 30 years. "We took core samples fifteen years ago and now and there was virtually no difference in the samples. From four inches down, the greens are perfectly fine. It is the upper layer that gets the debris and the layers that you have to till up, which we would do anyway when we re-grass the top of the greens. The USGA Agronomist is going to be looking at our greens and analyze the core sample."

"If you had to redo the greens, now we have to look at Bermuda because you don't have to redo the greens if you put Bermuda on top because the water runs off, not through – like we did at Desoto. Desoto is not USGA spec greens on the back nine, but they are perfectly fine because they get into where the water runs off. But that is a discussion that we don't want to go to, for another day. If we have to, we will but that is not in the cards right now. We think we can save the bent grass greens and save a half million [dollars] by simply just re-grassing... The bent grass greens, nowadays, the hybrids

are so much more heat tolerant than the old ones that are there. It is better to change the surface of the grass, anyway.”

Club Revision Timeline and How to Pay for This

When the surcharge was instituted it was to be used for the course and not the clubhouse. It is a Board decision on where this money comes from. (This issue will be discussed during the PPP presentation.)

Stephanie Heffer said they recommend getting started on the clubhouse as soon as possible.

Director McLeod asked how much we currently have collected in surcharges. Director Corry said around \$650,000. Stephanie said she thinks it is closer to a million dollars. GM Paul said by the end of 2021, we are estimated to have a little over a million dollars. Paul said we are currently at \$750,000.

Mermel asked what are the plans for the bunkers? GM Paul said we would use Better Billy Bunker and Capitol Area Concrete. The improvement would last for about 25 years. This is a concrete that goes on the bottom of the bunker. It is a proprietary concept. It drains. “There is no movement of the soil coming into the bunkers. There is no contamination of the bunkers. When the water goes through, it drains. The beauty of it is...the lips of the bunkers are rough and the sand stays up in the sides of the bunkers very well. In a huge rain, it will wash a little bit. Literally, they can send two guys out for a couple of hours and fluff the bunkers, after a rain.”

Director Pam Avila said the figures are based on the surcharge from last year and this year. “Wasn’t last year kind of an anomaly in the way golf tee times have been going over the last five years, six years, seven years? Do we expect it to still stay as high as it was last year, the COVID year?”

Paul said, it is much better this year.

Pam said, “we are still in the COVID...”

Director Omohundro said there are six months of last year where we shut down for several months.

Director Chris Jones said we were limited on how many we could get out on the courses due to single cart riders [because of COVID].

Budget forecasting is just a best guess.

GM Paul said, “when people get in the habit of playing golf, they keep playing. When they get out of the habit, they quit. I think we are on a roll for at least a few years.”

The golf population has grown over the last 24 months with golfers returning to the game and also new golfers joining in.

Property Owner, Melinda Alvord, asked, “My question is regarding the clubhouse. if some of it is going to be office space; some of it may be the Card Club; some of it is a third party that is going to operate the restaurants. Of the total square footage, how much of that square footage can we expect to generate any revenue from?”

The Card Club would pay less to rent the new space than they previously paid. GM Paul said, “their

numbers are down and that is one of the reasons we are looking at moving, is to save money. The other side of that coin is, we think we can rent that space [at the Ouachita Building] much easier than any other space we've got. It lends itself to functions... This is kind of a win-win for both of us. As far as the restaurant part of it, we would go into the same rental agreement that we have with the others, which is basically break even with them – where they pay the expenses and we are out of the business. We don't take the loss anymore that we are taking now. So there no revenue other than the loss we're taking now."

Alvord said, "It sounds like not so much."

Stephanie said, "The only piece that would not...when you say revenue-generating – reduction in expenses is not as good as revenue-generations. The office space that Tom and his team live in, that is where you would not see any return." [This is the space the Golf Department would use.] This is very little space. "When you walk in the building, it is the few offices to the left," explained Stephanie.

GM Paul said they are in the "process of shrinking the pro shop, too, so they can get merchandise in there and make it look nice. And then, put the Discovery Center down there," said Paul.

Paul finished, "that is basically it in a nutshell. We will see how the reaction goes and we will bring it to you [the Board] as a proposal."

Director Jones asked if we didn't move over the POA employees, would we have to eventually add on to the POA Administration Office or create a new building?"

Paul said, "eventually, probably. We just keep doubling up. We can make it work, but it is not optimal."

"We still incur expenses for owning the building, whether it is being used or not," stated the Controller, Coreena Fetterhoff. We still pay for general insurance and utilities. By utilizing the building, you will get value out of the dollars we are already spending.

Director Jones asked where we would put the items being currently stored in the clubhouse.

GM Paul said we would have an auction to get rid of a lot of it.

By Cheryl Dowden, May 17, 2021

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4. balboa renovation
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Author

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