



BALBOA GOLF COURSE AND CLUBHOUSE

Balboa Golf Course History

- ▶ Originally built in 1987
- ▶ Original Irrigation System
- ▶ Original Drainage System
- ▶ Original Greens
- ▶ Original Cart Paths
- ▶ Renovation Deferred Each Year Since 2007

Balboa Clubhouse History

- ▶ Restaurant opened a year after the golf course in 1988
- ▶ 20,912 sq. ft (compare to Cortez 8,000 sq. ft. and Granada 8,088 sq. ft.)
- ▶ Open Loop Geothermal System installed in 2009
- ▶ Converted to Closed Loop Geothermal system in 2015
- ▶ Upstairs has been non-operational since 2013
- ▶ No significant building improvements since opening

Problems with the Balboa Golf Course

- ▶ Irrigation System is 32 years old
 - ▶ Frequent breaks in the lines
 - ▶ Poor coverage
- ▶ Drainage issues throughout the course
- ▶ Greens are contaminated with Bermuda and drain poorly
- ▶ Bunkers are plagued with drainage, contamination and compaction issues
- ▶ Tees are crowned, small and poorly aligned
- ▶ Fairways and rough have contaminated turf
- ▶ Cart Paths are in the worse condition of all our courses

Current Conditions of the Balboa Clubhouse

- ▶ Architectural, Structural and MPE evaluations conducted in 2018. No significant deficiencies were noted.
- ▶ Asbestos and Hazardous Materials survey conducted in 2018. No known contaminants found.
- ▶ Exterior E.I.F.S. system has extreme damage from vehicular and golf ball penetration. In some places the exterior wall panels have pulled completely away from the building.
- ▶ Metal flashing around roof tiles has failed allowing water penetration behind E.I.F.S. System.
- ▶ Numerous ADA deficiencies must be corrected.

Current Conditions of the Balboa Clubhouse

- ▶ Second story exterior decking needs to be replaced.
- ▶ Many of the windows have lost their seal and need to be replaced.
- ▶ Extensive cosmetic interior renovations needed.
 - ▶ Carpet, Tile, Paint, Lighting, Ceiling Tiles, Fixtures
- ▶ All mechanical and plumbing systems must be brought up to code.
- ▶ Fire Alarm system needs to be replaced.
- ▶ Clay tile roof is original.

Typical Golf Course Life Spans

Feature	Years
Greens	15 - 30
Bunker Sand	5 - 7
Irrigation System	10 - 30
Asphalt Cart Paths	5 - 10
Concrete Cart Paths	15 - 30
Practice Tees	5 - 10
Tees	15 - 20
Corrugated Metal Pipe	15 - 30
Bunker Drainage Pipes	5 - 10
Mulch	1 - 3
Turf	Varies

Today's Golf Course Construction Costs

Here are estimated costs for some of the most common golf course construction projects in six U.S. regions, according to the Golf Course Builders Association (GCBA) Cost Estimate Tool.

Region	New 18-hole construction	Full 18-hole renovation	Irrigation renovation	USGA Greens renovation
California (Coastal)	\$7.97 million	\$7.82 million	\$2.61 million	\$1.05 million
Florida (Urban Resort)	\$8.49 million	\$8.46 million	\$2.92 million	\$1.06 million
Michigan (North)	\$6.80 million	\$6.58 million	\$1.48 million	\$1.02 million
North Carolina (West)	\$7.25 million	\$7.22 million	\$1.67 million	\$1.09 million
Texas (Urban Inland)	\$8.48 million	\$8.29 million	\$2.88 million	\$1.06 million
New York (Urban)	\$7.84 million	\$7.66 million	\$2.38 million	\$1.04 million
Arizona (Urban Resort)	\$8.96 million	\$8.78 million	\$3.55 million	\$1.05 million

Why a Full Golf Course Renovation

- ▶ Irrigation and drainage require immediate replacement
- ▶ Greens require complete re-build
- ▶ Tees require enlargement, leveling and realignment
- ▶ Turf requires complete eradication and re-planting
- ▶ Bunkers require complete re-build
- ▶ Cartpaths require extensive repairs or replacement

Benefits of Balboa Golf Course Renovation

- ▶ State of the art infrastructure with a 30-year life span
- ▶ Superior quality fairways, greens, tees and bunkers consistent with other Village Courses
- ▶ Visually a much more attractive course, while maintaining the existing integrity
- ▶ Protect and improve one of our key assets
- ▶ Improve Hot Springs Village competitive advantage over other Golf Courses and Communities
- ▶ Add 5 additional Forward Tees to provide better Teeing options
- ▶ Improve Property Values

Preliminary Work

- ▶ 2017 - Property Owner Survey conducted noting Balboa as the golf course most in need of renovation.
- ▶ 4/25/18 - Tom Heffer, Juan Nunez & Gary Myers met to discuss Hole by Hole Needs.
- ▶ 5/25/18 - Tom Heffer & Gary Myers met with Golf Sub-Committee to review Hole by Hole needs and revised.
- ▶ 7/18/18 - Gary Myers & Juan Nunez toured course with Irrigation Consultant to finalize Irrigation design.
- ▶ 7/15/18 - Working Group made up of key staff members, committee members, business owners, and property owners was formed to provide input on best uses of the club and liaise with community and stakeholders.
- ▶ 8/9/18 - Public Engagement Open House held at Balboa Clubhouse.

Preliminary Work

- ▶ 9/12/18 - Held Pre-Bid Meeting with Contractors. 7 Invited, 4 Attended.
- ▶ 10/5/18 - 3 Proposals received.
- ▶ 12/14/18 - Structural & Engineering Report Received On Clubhouse
- ▶ 3/19,20/19 - Gary Myers & Juan Nunez met with Toro and Rain Bird for Irrigation System Presentations.
- ▶ 4/16,17/19 - Gary Myers & Juan Nunez met with 3 Contractors to review proposals.
- ▶ 5/3/19 - Proposals received.
- ▶ 8/12/19 - Stephanie met with East Harding and Crafton Tull to confirm building estimates

Amenities Prioritization Tool Completed for both the Golf Course and the Clubhouse

Golf Course Renovation Bid Comparisons

	TDI	HERITAGE LINKS	TOTAL GOLF CONSTRUCTION
Base Bid	\$4,541,192.89	\$4,295,496.30	\$4,385,300.17
7% Contingency	\$317,883.50	\$300,684.74	\$306,971.01
Total	\$4,859,076.39	\$4,596,181.04	\$4,692,271.18

Cortez Golf Course and Clubhouse Renovation Comparison 2006

- ▶ Golf Course Renovation Cost - \$1,500,00.00
- ▶ Clubhouse Renovation Cost - \$275,000
- ▶ Golf Course Scope of Work
 - ▶ Completed In House by Construction Team (no longer on staff)
 - ▶ Irrigation System replacement
 - ▶ Minor Tee Modifications
 - ▶ Culvert Replacements
 - ▶ Minor Drainage Work
 - ▶ Bunker Work
 - ▶ Completed by Outside Contractor
 - ▶ Core out greens 6 - 8 inches and re-seed
 - ▶ Eradicate existing Grass and Re-grassed Tees, Fairways & Roughs
 - ▶ Overlay cart paths
 - ▶ Remove Trees (Contractor paid for Trees)
 - ▶ Timeline 11/06 - 08/08

Cost does not include any In house labor.

Balboa Clubhouse Option 1

- ▶ Tear down and rebuild a “right-sized” golf shop and grill to support the surrounding neighborhood and golf course. Approximately 8000 sq. ft.

Cost Estimates

Demolition- \$150,000

7% Architecture / Design - \$112,000

New construction - 8000 sq. ft. @ \$200 sq. ft. - \$1,600,000

Furnishings, Kitchen Equipment & Misc. - \$240,000

10% Contingency - \$199,000

Total Cost Estimate- \$2,301,000

*Cost estimates are for budgeting only and have not been tested against an architectural rendering or floor plan.

Balboa Clubhouse Option 2

- ▶ Renovate existing building with recommendations from 2018 Architectural, Engineering and MPE study
- ▶ Renovate golf shop and restaurant
- ▶ Include office and conference space

Cost Estimates

Renovation - 21,000 sq. ft. (\$110.00 sq. .ft. to \$200.00 sq. ft.)

7% Architecture / Design

Furnishings, Kitchen Equipment & Misc. - \$270,000

10% Contingency

Cost Estimates - \$3,000,000 to \$5,200,000

*Cost estimates are for budgeting only and have not been tested against an architectural rendering or floor plan.

Desoto Clubhouse Renovation Comparison 2016

Clubhouse
Renovation Cost -
\$2,200,000

Desoto Clubhouse is
11,000 sq. ft
compared to Balboa
21,000 sq. ft.

Residential Construction Potential

- ▶ 111 undeveloped Balboa Golf Course lots
- ▶ Targeted marketing campaign to encourage new home construction on the 111 undeveloped lots

NEW REVENUE POTENTIAL		Notes
Assessments	\$47,422.80 Annually	111 Undeveloped Golf Course Lots *
Utilities	\$106,560 Annually	Average \$80.00 each month
Lot Sales (2 POA Owned)	\$40,000	Market value of \$20,000
TOTAL NEW REVENUE POTENTIAL		\$193,982.80

* Of the 111 undeveloped lots, 19 have delinquent assessment balances. 90 have current assessment balances, and 2 are POA owned. The assessment revenue potential is based on the delta between the performing and non-performing properties at the current assessment rate of \$473.40 for undeveloped properties, and \$819.60 for developed properties.

Operational Savings Potential

2019 Golf Course Maintenance Budget	\$740,524.00
Proposed 2020 Golf Course Maintenance Budget without Renovation (2.5% Increase)	\$759,037.00
Proposed 2020 Golf Course Maintenance Budget with Renovation	\$471,112.00
2020 Golf Course Maintenance Operations Savings (with renovation)	\$287,925.00
2020 Golf Operations Savings (with renovation)	\$85,000.00
2020 Food & Beverage Operations Savings (with renovation)	\$51,300.00
Total 2020 Operational Savings (with renovation)	\$424,225.00

Improved Subsidization Potential

27% Annually

Assumptions

- Based on \$20.00 increase of guest green fees
- Annual guest rounds estimated at 2,381 (3-year average)
- Guest green fee to be equal to Isabella and Granada
- No increase in member or family rates

	2016	2017	2018	Average
Guest Rounds	2,446	2,324	2,372	2,381

Golf Course Renovation Timeline

- ▶ Currently working with Contractor that had the Lowest Bid (Heritage Links) and looking at Value Engineer cost reductions that will not compromise quality.
- ▶ Board Approval - September 2019
- ▶ Spray out Turf - October 1 - 11, 2019
 - ▶ Eradicate all existing Turf so as not to grow back the following year and contaminate new Turf.
- ▶ Begin Renovation - December 2019
- ▶ All Bermuda planted by - July 1, 2020
- ▶ Seed Bentgrass Greens - September 2020
- ▶ Open Course - May 2021

Clubhouse Timeline

- ▶ Sept 2019 - Direction from BOD on Renovation vs. New Construction
- ▶ Oct 2019 - Approval of 2020 Capital Budget and project scope (with not to exceed amount based on cost estimates)
- ▶ Oct 2019 - Release Project RFP
- ▶ Dec 2020 - Staff Presentation of RFP Responses & Design Contract to Board
- ▶ Jan 2020 - Board Approval
- ▶ Feb 2020 - Design Phase Begins
- ▶ May 2020 - Final Design Presented to Board
- ▶ June 2020 - Board Approval of Final Design
- ▶ August 2020 - Begin Construction
- ▶ May 2021 - Open Clubhouse to coincide with opening of golf course

Funding Options

- ▶ Sur Charge on Total Golf Rounds (all 8 courses)
- ▶ Traditional Borrowing
- ▶ Member Investment
- ▶ Special Assessment
- ▶ Budgeted Capital Improvement
- ▶ Sponsorships
- ▶ Property Owner Co-op Crowd Source Funding

Annual Sur Charge Revenue Potential

Rounds	\$2.00 Sur Charge	\$3.00 Sur Charge	\$4.00 Sur Charge
200,000	\$400,000	\$600,000	\$800,000
220,000	\$440,000	\$660,000	\$880,000
240,000	\$480,000	\$720,000	\$960,000

Staff Recommendation

- ▶ Funding - Combination of Sur Charge, Capital, Traditional Borrowing, Member Investment and Sponsorships

Clubhouse Option 1 and Heritage Links Renovation Bid - Tear down and re-build “Right Sized” golf course clubhouse and grill with complete tee to green Golf Course renovation.

\$6,897,181 project - Golf Course and Clubhouse

\$1,920,000 - Sur Charge - 240,000 rounds @ \$2.00 for 4 years

\$2,200,000 - Capital - \$1,100,000 in years 2020 and 2021

\$2,500,000 - Traditional borrowing

\$ 150,000 - Member Investment

\$ 127,181 - Sponsorships

Board Approval Gates

- ▶ September 2019 - Decision to Renovate or New Construction of Clubhouse
- ▶ September 2019 - Decision on Golf Course Renovation Scope and course contract review
- ▶ October 2019 - Clubhouse and Course Budget Approval (amount not to exceed for each project)
- ▶ October 2019 - Golf Course Renovation Contract Approval
- ▶ December 2019 Clubhouse project recommendation and contract review
- ▶ January 2020 - Board Approval of Project Team and Scope of Work for Clubhouse
- ▶ June 2020 Board Approval of Clubhouse design and contract