Village of North Palm Beach Club House Market & Economic Analysis

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INTRODUCTION

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Study Objectives

Norton Consulting, Inc. (NCI) and Private Club Associates (PCA) ***– the Market Consultant Team*** - were retained as part of the Peacock and Lewis Team to:

- Conduct interviews with staff, advisory boards, and village residents
- Provide market based information to support a business plan for the proposed Clubhouse
- Provide experience based and market supported input for the proposed facilities, programs and amenities
- Provide economic performance ranges for the recommended facilities, programs and amenities with respect to:
  - Golf Operations
  - Food & Beverage Dining – Restaurant; submitted under separate cover
  - Ballroom / Banquet / Special Events; submitted under separate cover
  - Pool & Splash Park
- Assess preliminary warranted investment levels for the clubhouse

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General Limiting Conditions

Every reasonable effort has been made to ensure that the data contained in this presentation reflect the most accurate and timely information possible as of the date the primary research was collected.

This study is based on estimates, assumptions, and other information developed by Norton Consulting / PCA and from its independent research effort and general knowledge of the industry.

No responsibility is assumed for inaccuracies in reporting by its representatives or by any other data source used in the preparation of this study.

No warranty or representation is made that any of the projected values or results contained in this study will be achieved.

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STUDY PROCESS & METHODOLOGY

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Study Process & Methodology

- Met with representatives from the Village of North Palm Beach including:
  - Village management: Village Manager, Public Works Director, and IT Director
  - Staff: Golf Club, Food & Beverage, Tennis, and Pool
  - Advisory Boards: Audit Committee, Golf Advisory, Recreation Advisory, and the Waterways Board
  - Planning Commission / Zoning Board of Adjustment
- Conducted a site inspection of current facilities
- Participated in small group meetings with a cross section of Village Residents and participated in larger community group forums to get community input on proposed facilities and potential usage
- Visited / profiled benchmark golf clubs, recreation facilities, catering sales directors, banquet / special event facilities, and hotels with special event venues

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Study Process & Methodology (continued)

- Conducted personal interviews with selected golf club and operations managers, recreational managers, special event suppliers, and special event demand generators
- Conducted demographic and economic data research
- Obtained relevant data from national sources including the National Golf Foundation, PGA of America, NCA, McGladrey & Pullen (RSM Group), Club Benchmarking, and the National Restaurant Association
- Assessed historical performance and made usage and economic projections based on market input and team experience
- Provided recommendations to and participated with Peacock & Lewis Architects in preparing the preliminary clubhouse program
- Prepared a preliminary Warranted Investment Analysis to provide context for alternative levels of investment
- Identified critical success factors

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POPULATION AND DEMOGRAPHICS

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Population & Demographic Comparisons

The proposed clubhouse and associated facilities will have distinct geographic markets.

Those that are more regional in nature:

- Golf & Tennis Play
  - Golf: We estimate that 57% of golf play and 60% of total golf revenues come from outside of the Village of North Palm Beach
  - Tennis is more evenly split between Village and Outside Play – but outside village play is extremely important to the success of the tennis complex
- Restaurant and Banquet Facilities
  - These must appeal to both village and non-village residents with banquet and special events drawing from the largest geographic area

Those that are more local / village in nature:

- Recreation Facilities
  - Pool, splash park and health/fitness facilities

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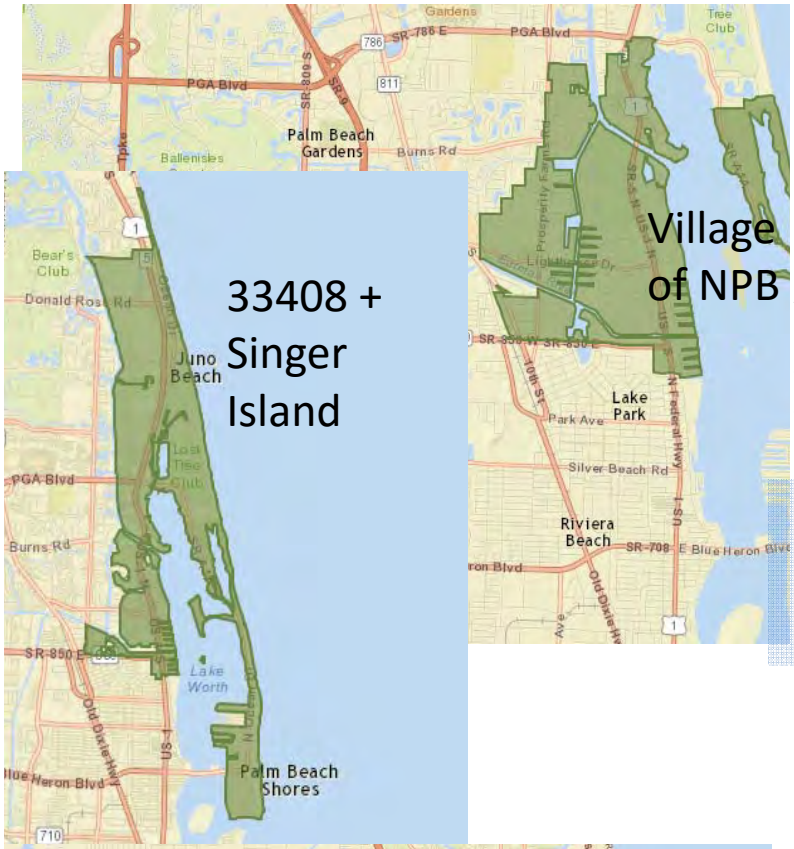
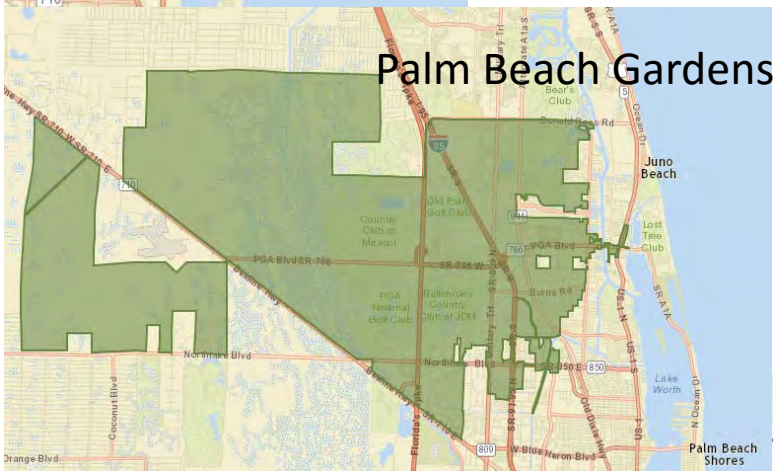
Population & Demographics





Population & Demographics 2020	Village of North Palm Beach	33408 + Singer Island	Palm Beach Gardens	Jupiter	North Palm Beach / Southern Martin County 1/
Population	12,832	19,602	54,926	62,221	192,091
Households	6,503	10,796	25,816	26,660	85,573
Families	3,267	5,237	15,272	16,528	52,866
Median Age	57.0	62.9	50.7	47.5	51.3
Median Household Income	$67,215	$68,732	$76,310	$80,420	$79,830
Average Household Income	$104,680	$106,714	$116,923	115,606	$116,552
Total Housing Units by Occupancy 2010					
Total	7,710	15,382	27,663	29,825	92,363
Occupied Housing Units	6,093	9,889	22,804	23,920	73,337
For Seasonal/Recreational/Occasional Use	1,014	4,063	2,726	4,035	12,484
Other Housing	603	1,430	2,133	1,870	6,542
Seasonal as % of Occupied Housing	16.6%	41.1%	12.0%	16.9%	17.0%
Seasonal as % of Total Housing Stock	13.2%	26.4%	9.9%	13.5%	13.5%

1) Singer Island and Populated areas North of Northlake to Southern Martin County - Bridge Road

Source: Norton Consulting, Inc. Bureau of the Census and ESRI Business Analyst 2015

- The Village population including 6,500 households (2020 estimate) and over 1,000 seasonal households (2010 estimate) provide an excellent core market to support the community recreational elements, the food and beverage, golf, tennis & pool of the Club Plan
- The resident and seasonal populations in the 33408 zip code + Singer Island represent an important opportunity segment for all future club services.
- The regional population and income levels represent strong opportunity markets for golf, banquets and special events, tennis and bar& grill.

Traffic Counts – Village of North Palm Beach in Context

Street	From	To	2015 [1/]
Village of NPB			
US1	Northlake Blvd	Lighthouse DR	29,136
US1	Lighthouse DR	PGA Blvd	27,529
Northlake	Southwind DR	US-1	27,771
PGA Blvd	Ellison Wilson	US-1	28,710
Prosperity Farms Rd.	Northlake Blvd	Lighthouse DR	16,364
Prosperity Farms Rd.	Lighthouse DR	Burns Rd	18,259
Prosperity Farms Rd.	Burns Rd	PGA Blvd	28,544
Palm Beach Gardens			
PGA	I-95	SR-811	71,477
PGA Blvd	SR-811	Gardens Mall	57,047
PGA Blvd	Gardens Mall	Prosperity Farms	41,615
PGA Blvd	Prosperity Farms	Ellison Wilson	41,927
Northlake	I-95	Congress Ave	61,294
Northlake	Congress Ave	SR-811	45,198

[1/] Traffic counts from January, February, March 2015

Source: Palm Beach County Traffic Division - 2015

The country club has excellent North-South access along US-1 and is located in the heart of the Village.

In season average daily traffic counts approach 30,000.

Primary roadway arteries East / West include Northlake Blvd and PGA Blvd.

Good roadway access facilitates club, restaurant and community uses.

The Appeal of the Village of North Palm Beach

In addition to demographics there are a number of ongoing investments and trends that continue to positively impact the Village of North Palm Beach and place North Palm Beach in a very favorable market position versus alternative locations in the years to come. These were reinforced as we spoke with residents and stake holders of the Village of North Palm Beach.

- The vision and dedication to "community" planning by the original developers of the Village of North Palm Beach
- A long history of being a well planned community with parks, state-of-the art public and private schools, waterfront, marinas, and extensive programs and services
- Unique community events and activities anchored by the Clubhouse and facilitated in various other smaller community facilities
- The new Conservatory School
- Rated among the top four safest communities in Florida [1/]
- Real estate trends that show property values increasing [2/]
- New investment is happening – the Water Club Condominium example
- Favorable regional access via Federal Highway, PGA Blvd, and Northlake Blvd.
- Other redevelopment and renovation opportunities that will come with the concurrent master planning effort

[1/] Motovo – Lighterside of Real Estate: http://www.movoto.com/blog/top-ten/safest-places-in-florida/

2/ Listing Prices increased 8.9 percent the 33408 zip code for12 month calendar year of 2015 versus 8.4% for Palm Beach County as a whole; source: Beaches MLS Neighborhood Report December 2015

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GOLF OPERATIONS

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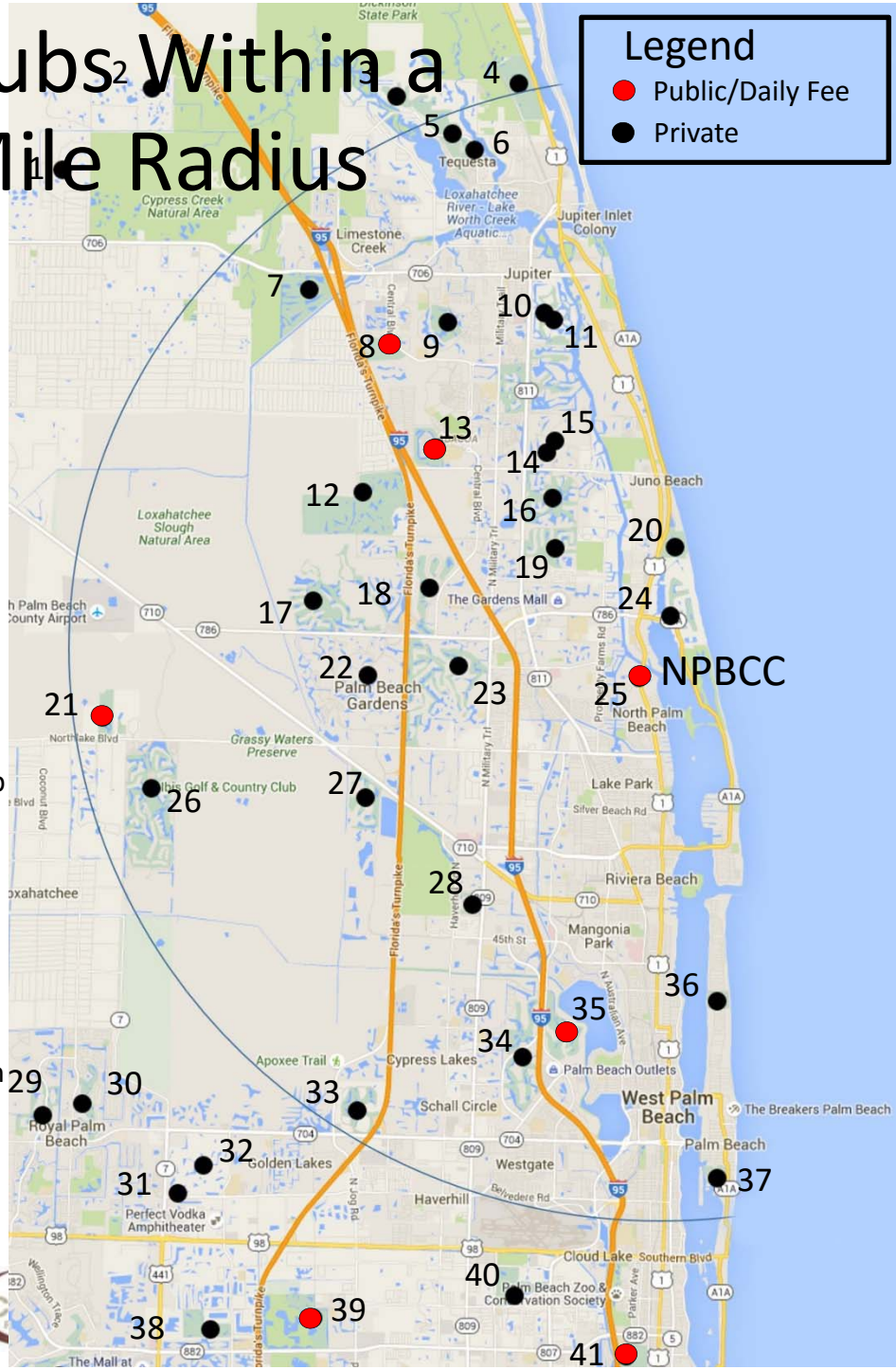
Golf Clubs Within a 10-Mile Radius

The majority of the golf clubs in the immediate market area are Private.

The majority of the public access Golf Clubs in Palm Beach and Martin counties are targeted to the value golfer market with peak season golf fees ranging from $40 to $60.

Only Abacoa Golf Club In Jupiter and the NBPCC target the premium daily fee golfer. Although Banyan Cay (formerly President's Club) may also compete for this market. The premium target market is much less value driven and not as susceptible to price competition.



1 The Dye Preserve
2 Jonathan's Landing GC
3 Riverbend CC
4 Jupiter Hills C
5 Turtle Creek
6 Tequesta CC
7 Jupiter CC
8 GC of Jupiter
9 Loxahatchee C
10 Jonathan's Landing GC
11 The C @ Admiral's Cove
12 Eastpointe CC
13 Abacoa GC
14 The Bear's Clubhouse
15 Ritz Carlton (Trump) GC
16 Frenchman's Creek
17 CC @ Mirasol
18 Old Palm GC
19 Frenchman's Reserve
20 Seminole GC
21 Sandhill Crane GC
22 PGA National GC
23 Ballen Isles
24 Lost Tree C
25 North Palm Beach CC
26 Ibis G & CC
27 Ironhorse CC
28 Lone Pine GC
29 Links @ Madison Green
30 Village GC
31 Mayacoo Lakes CC
32 The Breakers Rees Jones
33 Emerald Dunes GC
34 Bear Lakes CC
35 Banyan Cay GC (Presidents)
36 Palm Beach CC
37 Everglades C
38 Banyan GC
39 Okeeheelee GC
40 Trump Int GC
41 WPB GC

Historical Performance of NPBCC Golf Operations

The gross revenue performance of the Golf Club of the Village of North Palm Beach has been fairly steady with gross revenues in $3 million range and net revenues before debt service predominantly in the $700,000 to $750,000 range. Gross revenue per round has been increasing – now, above $70 per round.

	9/30/2012	9/30/2013	9/30/2014	9/30/2015	Change 2012-2015	Percent Change '12-'15
Total Rounds	45,145	43,893	44,338	42,934	2,211	-4.9%
Gross Revenues 1/	$2,964,955	$3,096,460	$3,017,901	$3,053,216	$88,261	3.0%
Gross Revenue Per Rd	$65.68	$70.55	$68.07	$71.11	$5.44	8.3%
NOI Before Debt Service	734,409	787,579	545,099	736,220	1,811	0.2%

1/ Includes golf related revenues only - No food and beverage revenues

Source: Village of North Palm Beach and Norton Consulting, Inc.

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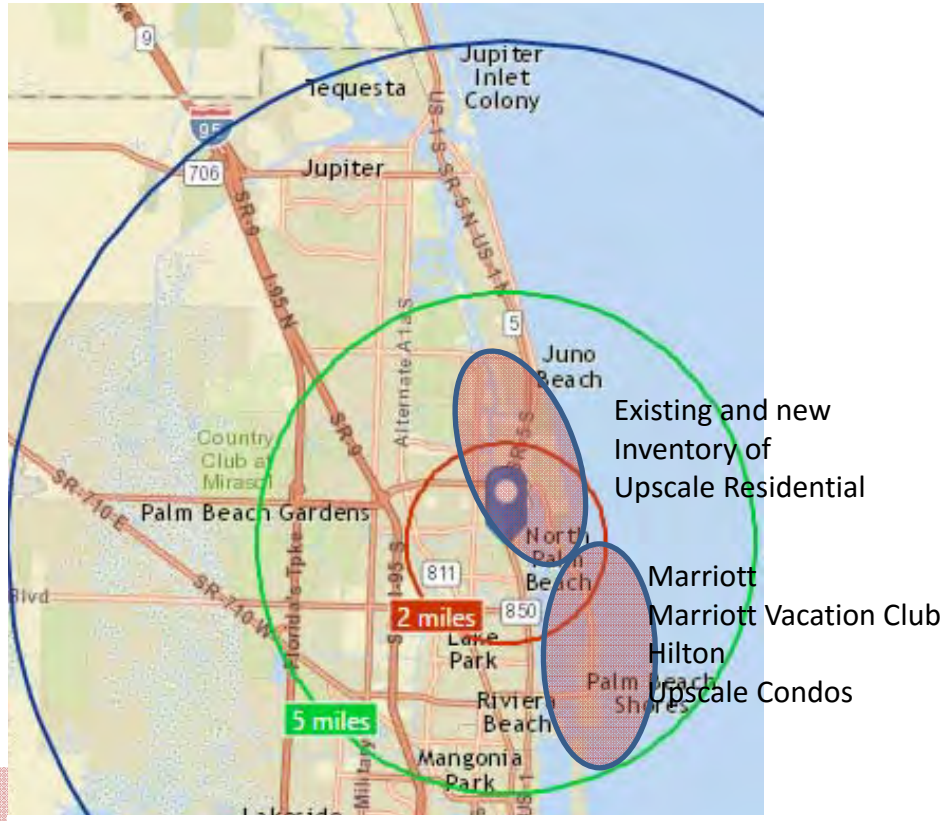
Opportunities for Increasing Rate & Daily Fee Rounds

North Palm Beach CC Golf Demand Indicators

Demand Measures	2-Miles	5-Miles	10 Miles
Population (2015)	31,244	139,333	363,757
Projected Population (2020)	33,426	149,919	393,097
Households	15,030	59,868	156,662
Golfing Households	2,625	10,428	25,726
Projected Golfing Households (2020)	2,745	11,003	28,319
Projected Annual Growth Rate	0.90%	1.10%	1.90%
Seasonal Golfing Households	329	1,735	3,991
Latent Demand / Interested Golfers	4,061	16,518	47,081
Household Participation Rate	17.5%	17.4%	16.4%
Number of Golfers	3,075	13,031	32,386

Demand Indicators (National = 100)			
Golfing Households Participation Rate	123	123	116
Seasonal Golfing Population	359	476	418
Latent Demand/Interested Non-golfers	128	117	128
Rounds Potential per Household (Resident Golfers)	155	168	155

Source: National Golf Foundaton and Norton Consulting, Inc. 2015



The NGF indices compare the national average (100) to golfing population within a 2, 5, and 10-mile radius of NPBCC. These provide a strong indication of underlying demand support for the facility going forward and the opportunity to tap into more seasonal golfers.

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The recent Community Survey Results indicate a very strong utilization of the Golf facilities across all age segments

NPBCC Facility Utilization Over the Past Year 1/				Age of Respondent			
	Total	18-34	35-44	45-54	55-64	65-79	80+
Total N= 856	856	135	105	160	151	200	105
Not Visited	26%	39%	20%	24%	24%	24%	27%
The Pool	28%	33%	57%	39%	24%	15%	9%
The Golf Course Driving Range	**38%**	**31%**	**45%**	**34%**	**42%**	**42%**	**34%**
The Tennis Courts	10%	6%	15%	18%	9%	6%	9%
The Restaurant for a Snack or Meal After an Activity	33%	33%	38%	26%	38%	38%	22%
The Restaurant for a meal on its own	32%	12%	26%	31%	37%	38%	49%
Attended a Special Event	32%	33%	47%	45%	32%	21%	18%
Other	6%	4%	4%	7%	5%	7%	9%
Don't Know	1%	4%	0%	1%	0%	1%	0%

1/ Which of the following amenities have you and/or your family utilized at the Country Club over the past year?

Source:TWTW Companies Community Survey for the Village of North Palm Beach - January 2016

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Opportunities to Increase Rate and Rounds Via Wedding Parties and Special Events

	Number of Events Per Year
Weddings	45
Large Social Event	12
Mbr Sponsor Lunch	18
Mbr Sponsor Dinner	24
Club Social Event	18
Corp Training/Mtgs	24
Business Lunches	122
Business Dinners	48
Major Employer Events	8
Breakfast Meetings	44
SMERF Events	42
Tournament/League	8
Sales Presentations	12
Outside Retreats	8
Total	433

The golf operation will have an opportunity to cross market weddings, banquet and special event attendees with golf outings.

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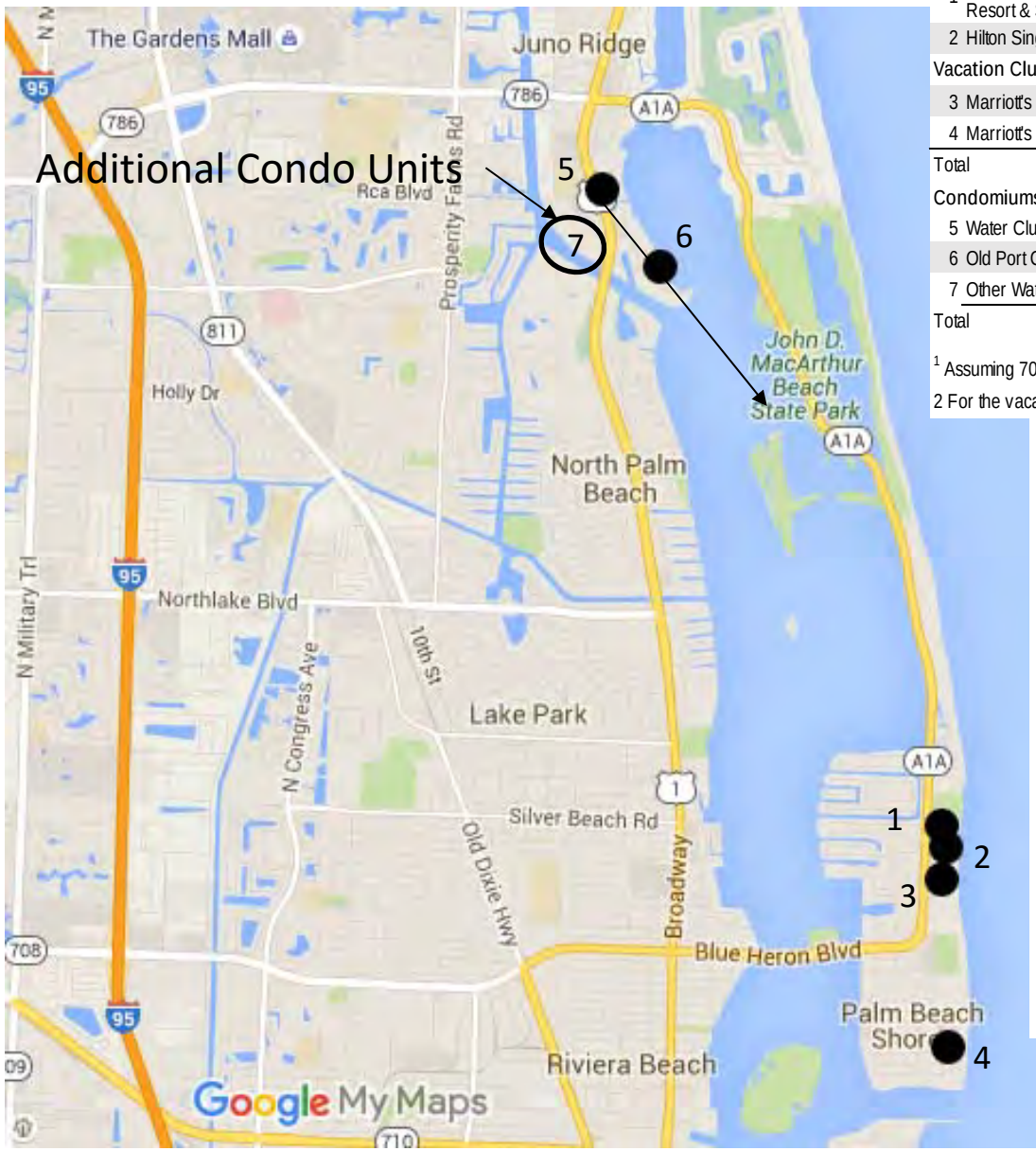
High-end Hotel, Vacation Club and Condominium Inventory



Resort	# of Rooms	Available Rooms	Occupied Rooms[1]	# of Guests Nights	Estimated # of Guests / Owners
Hotels					
1 Marriott Singer Island Beach Resort & Spa	191	69,715	48,801	97,601	27,890
2 Hilton Singer Island	223	81,395	56,977	113,953	32,560
Vacation Clubs					
3 Marriott's Oceana Palms	169	61,685	55,517	166,550	16,650
4 Marriott's Ocean Pointe	683	249,295	224,366	673,097	67,310
Total	1,266	462,090	385,659	1,051,200	144,410
Condomiums					
5 Water Club	166	--	--	--	
6 Old Port Cove	1,000	--	--	--	
7 Other Waterfront Condominums	NA	--	--	--	
Total					

[1] Assuming 70% Occupancy for the hotels, 2.0 average party size and 3.5 average length of stay

2 For the vacation clubs assuming 90% occupancy, 2.5 average party size and 10 day length of stay

The visitor and seasonal resident markets represent large numbers from which golf, dining and recreational operations can be enhanced.

- The number of guest nights just for the Singer Island Resorts alone is estimated at over 1 million.
- New waterfront condos and existing seasonal condos will continue to contribute to a high-end seasonal population base.

Interview Summary – Concierge – Marriott Hotels and Marriott Vacation Club

- They are sending guests today to the NPBCC Golf Club
- The exact numbers are not know as some guest book through the concierge and some via their independent means. Our best estimate is that only +/- 1000 rounds are referred by concierge staff – thus, this represents a very high opportunity segment
- The concierge staff interviewed report outstanding service in spite of club facility deficiencies; but could give no feedback as to how many customers do not return to NPBCC because of the club house deficiencies
- They believe that the NPBCC location is great and is the closest quality golf course to the Singer Island Resorts.
- They are very excited about the prospects of a new clubhouse – believe the new club facilities will enhance the visitor experience thus the number of potential rounds.
- Issues that need to be addressed to enhance greater capture of this market:
  - Pro-shop and locker rooms need to be expanded – more customer friendly
  - Food and beverage needs to be improved
  - More rental clubs need to be made available
  - Tee time availability during high season (sometimes is an issue – a matter of advanced scheduling)
  - Would like to get some discount off the published walk-in rate to improve "feel of the deal" and to get more hotel guests and timeshare owners/guests to try NPBCC
- Also, they indicated a willingness to send surplus events to the new clubhouse restaurant and banquet facilities

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Water Club North Palm Beach

The Water Club is an example of the quality level of new development – other waterfront redevelopment will add future units to the Village residential inventory

- The Water Club is currently under construction
- Prices range from the $700,000 to $2.5 million
- There are a total of 166 condominiums residences

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Golf Operations Projections

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Golf Course Analytics – NPBCC in Context with Selected Public Access Golf Courses

The table below compares the historical performance of the NPBCC with a sample of Daily Fee facilities from South Florida, and selected public access golf course like Abacoa, Hammock Creek and the Palm Beach Par-3.

	Total	Total Annual Revenues		Revenues Per Round	
	Rounds	Golf	Merchandise	Golf	Merchandise
NPB CC	42,934	$2,324,200	$180,971	$54.13	$4.22
Florida All Facilities (n=212)	34,208	$964,707	$144,037	$28.20	$4.21
Municipal (n=36)	41,996	$860,004	$71,375	$20.48	$1.70
Daily Fee / Semi Private (n=99)	39,024	$1,023,235	$106,242	$26.22	$2.72
South Florida All Facilities	34,269	$1,165,591	$130,494	$34.01	$3.81
Daily Fee / Semi-Private (n=25)	43,123	$1,601,629	$167,936	$37.14	$3.89
Selected Specific Clubs					
Abacoa	43,000	$2,200,000	$250,000	$51.16	$5.81
Hammock Creek GC, Palm City	53,000	$1,600,000	$200,000	$30.19	$3.77
Palm Beach Par 3	35,450	$1,024,592	$182,238	$28.90	$5.14

1/ Golf revenues include membership / annual pass revenue, green fees and cart fees
Source: Norton Consulting, Inc, PGA Performance Track

NPBCC and Abacoa Golf Club are the only public access golf clubs targeting the premium golfer in North Palm Beach and southern Martin Counties.

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Selected Membership Rate Comparisons for 2015

North Palm Beach Country Club	#	Price	
Resident Membership			
Single	106	$2,205	$233,730
Family	20	$3,360	$67,200
Other Classes	8	$2,682	$21,455
	134		$322,385
Non-Resident Membership			
Single	51	$3,200	$163,200
Family	8	$4,300	$34,400
	59		$197,600
Total NPBCC Full Members	193		$519,985

19,500 Rounds
45% of Total

Abacoa Golf Club			
Single	70	$2,750	$192,500
Family	12	$4,750	$57,000
	82		$249,500

8,000 to 9,000 Rounds
21% of Total

Hammock Creek Golf Club			
Single	13	$3,200	$41,600
Family	5	$4,950	$24,750
	18		$66,350

2,000 Rounds
4% of total

PGA National Full Golf	
Initiation Fee	$42,500
Single Annual Dues	$9,627
Family Annual Dues	$12,331

Source: Norton Consulting, Inc.

In contrast to other public access facilities, NPBCC is a unique public golf facility due to a strongly loyal and active membership base.

Full Member rounds today account for:

- 45 percent of total rounds; and
- 36 percent of golf fee revenue (defined as full membership fees plus cart fees)

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North Palm Beach Golf Operations Major Revenue Components (Current & Projected) in Market Context

				Golf Related Annual Revenues Major Categories				Revenues Per Round	
	Operator	Architect	2015 Rounds	Golf 1/	Merchandise	Golf Range	Summary Major Sources of Golf Revenue 2/	Golf	Merchandise
NPB CC (Fiscal 2015)	Village	Jack Nicklaus Signature	42,934	$2,324,167	$180,971	$313,882	$2,819,020	$54	$4.22
NPBCC Projected Stable Yr With New Club House (Jan 2016 Dollars)			44,000 Projected	$2,560,000	$267,100	$321,700	$3,148,800	$58	$6.07
Selected Highend DF Market Region (Today)									
Abacoa (Jupiter)	Private	Joe Lee	43,000	$2,400,000	$255,000	$275,000	$2,930,000	$56	$5.93
Crandon Park (Key Biscayne)	Metro Dade County	Von Hagge Devlin	44,100 3/	$2,478,100	$501,000	$156,000	$3,135,100	$56	$11.36
Old Corkscrew (Estero, FL)	Private	Jack Nicklaus Signature	41,200	$2,635,000	$231,000	NA	$2,866,000	$64	$5.61
Range			41.2K - 43K	$2.4 to $2.6 M	$231K - $501K	$156K-$275K	$2.87M - $3.13M	$56 - $66	$5.61 - $11.36
Median			43,000	$2,478,100	$255,000	$215,500	$2,930,000	$56	$5.93
Average			42,767	$2,504,367	$329,000	$215,500	$2,977,033	$59	$7.63

1/ Includes Daily Fees, Membership Fees / Annual Pass Fees and Cart Fees
2/ Does not include lessons, bag fees, locker fess, and other miscellaneous income
3/ Paid rounds (subtracts complimentary volunteer rounds)
Source: Norton Consulting, Inc., January 2016

The historical and projected performance of the golf operation (assuming a new clubhouse) are shown above in context with selected other high end daily fee / public access facilities; the projections for North Palm Beach are consistent with the three benchmark facilities. Facility profiles for each of these golf facilities is found in the appendix to this presentation.

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Golf Course Performance Projections

Constant 2016 dollars				Stable Year (2016 Dollars)		
		Base Year 2015		New Club House		
Revenue Type	Rounds	Revenue Input	Base Year 2015 Revenue	Rounds	Revenue Input	Stabilized Year
Membership Revenues		Per member				
Resident Members	13,490	$2,406	$322,385		$2,710	$406,500
Non-Resident Members	5,940	$3,349	$197,600		$4,190	$104,800
SubTotal	*19,430*			*17,600*		
Summer Members	1,651	$771	$37,755		$809	$47,700
Junior Members		$300	$4,200		$300	$4,200
Miscellaneous			$7,911			$7,900
Membership	21,081		$569,851	20,400		$571,100
Golf Revenues		Per Round				
Daily Fee Rounds	21,853	$40.26	$879,743	23,600	$46.30	$1,092,600
Cart Rental & Walking Fees	42,934	$20.37	$874,573	44,000	$20.37	$896,300
Driving Range	42,934	$7.31	$313,882	44,000	$7.31	$321,700
Merchandise Sales	42,934	$4.22	$180,971	44,000	$6.07	$267,100
Lessons	42,934	$3.71	$159,237	44,000	$3.78	$166,500
Other (Tournaments & Misc)	42,934	$1.75	$74,959	44,000	$2.44	$107,500
SubTotal Golf Fees		$77.61	$2,483,365			$2,851,700
Total Membership & Golf Revenues	42,934	$71.11	$3,053,216	44,000	$77.79	$3,422,800
Expenses						
Merchandise (COGS)			$103,809			$153,200
Operating Costs			$979,856			$1,185,500
Leased Carts and Contracted Services						
GC Maintenance (Contract)			$1,089,500			$1,089,500
Golf Car Lease			$135,662			$147,600
Subtotal Leased Carts and Contracted Services			$1,225,162			$1,237,100
Capital Reinvestment (Not Re-occurring)			$8,161			$25,000
			$8,161			$25,000
Total Expenses Before Debt Service			$2,316,988			$2,600,800
Total Cash Flow Before Debt Service			$736,228			$822,000

Total Golf Revenues of $3.4 million are projected to increase by 12.1 % over 2015 levels; this comes primarily from enhanced capture of high income daily fee markets (visitors and seasonal residents) with new clubhouse and services; fees are consistent with Market Benchmarks

Cash flow before debt service ($822,000) is projected to increase by 11.7% over 2015 levels and includes increases in marketing and promotion and staff to achieve higher revenue numbers.

The New Clubhouse Effect - Performance Summary Palm Beach Par 3

	FY 2013	FY 2014	FY 2015	% Delta Change (FY 2013-2015)	% Delta Change (FY 2013-2015)
Food and Beverage					
F&B Sales Gross	NA	$1,492,714	$3,267,051		
F&B Sales to Town of Palm Beach	$21,687	$156,735	$343,040	1482%	$321,353
Golf Operations Performance					
Golf Passes / Memberships	$43,445	$35,118	$44,303	2%	$858
Golf Green Fees,Tournaments, Special Events	$507,131	$669,742	$815,619	61%	$308,488
Golf Cart Rental (Riding & Pull Cart)	$163,400	$197,154	$221,140	35%	$57,740
Golf Driving Range	$82,227	$93,405	$97,037	18%	$14,810
Merchandise Sales	$69,565	$141,321	$182,238	162%	$112,673
Town Share Golf Teaching Services	$28,292	$30,748	$40,588	43%	$12,296
Golf Maintenance & Improvement Fees	$50,237	$66,877	$71,849	43%	$21,612
Total Other Miscellaneous Revenues	$33,900	$35,208	$63,105	86%	$29,206
Total Revenue From Operations	$978,196	$1,269,574	$1,535,879	57%	$557,683
Total Rounds Played	30,357	33,317	35,378	17%	5,021
Average Green Fee Per Round	$16.71	$20.10	$23.05	38%	$6.35
Average Cart (Riding & Pull) per Round	$5.38	$5.92	$6.25	16%	$0.87
Total Average Golf Fee per Round	$22.09	$26.02	$29.31	33%	$7.22

Source: Norton Consulting, Inc.

The Palm Beach Par-3 golf course was renovated (Raymond Floyd) and re-opened in December 2009, four years in advance of the new clubhouse & restaurant being opened. The new clubhouse & restaurant opening (Dec 2013) had a dramatic impact on golf course performance:

- Green Fees increased 61% from $507,100 in fiscal 2013 to $815,600 in fiscal 2015
- Golf operations (excluding F&B) increased 57 percent, from $978,200 to $1.5 million
- Rounds played increased 17% from 30,400 to 35,400
- Total Golf Fee per round increased 32% from $23.44 to $30.97.

We do not expect a similar dramatic increase at NPBCC – but it is reasonable to say that the new clubhouse – more consistent with the brand and quality level of the Jack Nicklaus Signature Golf Course - will favorably affect consumer expectations in support of the new clubhouse and the golf operation.

Implications of Market Analysis and Staff Discussions on Clubhouse Elements

- Expand pro-shop from 618 SF to 1000-1200 SF plus additional 500 SF for staff offices
  - Support: Market Benchmarks & Discussions with Staff; elements may include:
    - Pro-shop desk, offices and storage area
    - Expanded display areas for clubs, bags, and better ball selection
    - Enhanced display areas for all other merchandise
    - Space for novelty items such as wallets, ball markers, hat clips etc.
    - Signature and log items (hats, shirts, towels, etc.)
    - TV's for displaying tournaments, NPBCC events, and live golf events
    - Space for specialized services such as gift wrapping, engraving etc.
- Cart storage and maintenance in basement to improve efficiencies of operations
    - Cart storage (80 carts plus service)
    - Create office for outside services coordinator (plenty of room to accommodate)
    - Break room
    - Bag storage – we recommend upwards of 200 to accommodate member demand and provide sufficient storage for rental sets (existing building has 122 spaces – 118 rented)
    - Miscellaneous storage
    - Dedicated laundry (simple washer and dryer) for towels & other

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Estimated Savings by Moving Cart Barn Underneath Clubhouse

By moving the cart storage from the current location to the club house it is estimated that the Village would save approximately $16,000 per year in labor and tow bar rental costs.

Areas of Saving	1 Year	10 Years	20 Years	30 Years
Closing Shifts (In Season)	$2,795	$27,945	$55,890	$83,835
Summer Months Close W/ League Play	$368	$3,680	$7,360	$11,040
Summer Months Close W/O League Play	$1,840	$18,400	$36,800	$55,200
Opening (In season)	$2,794.50	$27,945	$55,890	$83,835
Opening (Summer Months-Regular Play)	$1,840	$18,400	$36,800	$55,200
Opening (Summer Months-Heavy Play)	$368	$3,680	$7,360	$11,040
Tow Bar (Low End)	$5,904	$59,040	$118,080	$177,120
Estimated Savings	$15,909	$159,090	$318,180	$477,270

Estimates provided by Director of Golf - NPBCC

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Implications of Market Analysis and Staff Discussions on Clubhouse Elements (cont.)

- The national and benchmark trend for public golf courses is towards small locker rooms – however, NPBCC is unique with a local village membership base
  - We recommend that the plan accommodate member needs as cost efficiently as possible.
  - We suggest enhancing both the amount of space and area design of the locker rooms focusing on grooming areas and efficient locker room space.
- There is a need for a general purpose room to accommodate planning meetings, association meetings, junior golf, tournament events, etc. This space need may be met from either planned space within the clubhouse and/or possibly usage of similar space within the planned poolside community recreation building.

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Other Potential Enhancements

- Scheduled green renovations
  - Capital expense estimate from $200,000 to $250,000
- Create Putting Green next to Pro-shop / Club House
  - Market justification – attraction for those eating at the restaurant
  - The feasibility and cost estimation of this suggested enhancement has not yet been conducted.
- Golf Range needs to stay competitive – current and planned improvements of Abacoa Golf Club driving range / practice area may erode revenues at NPBCC Driving Range
  - NPBCC needs a quality artificial grass tee area
  - Covered roller – driving range hitting area
  - Lighting improvements
- The condition of the golf course is critical to maintaining market position and the ability to raise rates – monies need to be allocated as needed to maintain the golf course to highest standards of quality.

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SPLASH PARK

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Aquatics History

The North Palm Beach Pool / Aquatics Center has a long and storied history.

The pool is utilized for recreation purposes by village residents and area non-residents; it is home to local swim teams, lessons, classes and acts as a holiday training facility for northern colleges during the winter holidays. Current pool usage is summarized in the following slides.

1. **Pool Hours of Operation** – Open to Members and general public

Summer –	10:00 a.m. to 6:00 p.m. - - Monday through Thursday	66 hrs per week
(School is out)	10:00 a.m. to 10:00 p.m. - - Fridays	
	10:00 a.m. to 6:00 p.m. - - Saturdays	
	12:00 p.m. to 6:00 p.m. - - Sundays	
Winter –	10:00 a.m. to 12:00 p.m. - - Mondays – Members only plus Water Aerobics	40 hrs. per week
(School in session)	12:00 p.m. to 4:00 p.m. - - Tuesday through Friday (members - 10:00 am - - 4:00 p.m.)	
	10:00 a.m. to 6:00 p.m. - - Saturdays	
	12:00 p.m. to 6:00 p.m. - - Sundays	

Note: Open swim times will be abbreviated to accommodate the College Teams' training. Also, Holiday Hours may vary: Memorial Day, Labor Day, Thanksgiving & Xmas/New Year's Eves.

The number of participants in each group will vary from season to season and from year to year.

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NPBCC
Pool Utilization
Teams & Lessons

1. **NPB Master** group – Adult conditioning and training (Approx. 60 members)
   Year Round – 6:00 a.m. to 7:00 a.m. - - Monday through Friday
   6:30 p.m. to 8:30 p.m. - - Monday, Tuesday & Friday

2. **NPB Swim Club** – Ages 4 yrs. old through high school/college age (Approx. 140 members)
   Summer – 7:00 a.m. to 10:00 a.m. - - Monday through Friday
   6:30 a.m. to 10:00 a.m. - - Saturdays
   4:00 p.m. to 7:00 p.m. - - Monday through Thursday

   Winter – 4:00 p.m. to 7:30 p.m. - - Monday through Thursday
   (School in session) 4:00 p.m. to 7:30 p.m. - - Fridays
   6:30 a.m. to 10:00 a.m. - - Saturdays

3. **NPB Water Polo Team** – Primarily High School age members (Approx. 30 members)
   Summer – 6:30 p.m. to 8:30 p.m. - - Wednesdays
   5:00 p.m. to 7:00 p.m. - - Fridays

   Winter – 6:30 p.m. to 8:30 p.m. - - Wednesdays and Fridays
   (School in session)

4. **Water Aerobics** – Middle age and elder participants (Approx. 50 participants)
   Year Round – 11:00 a.m. to 12:00 p.m. - - Monday through Friday

5. **Group Swim Lessons** – Ages 3 yrs. old through 10 yrs. old (Approx. 140 participants)
   Summer – 6:00 p.m. to 7:00 p.m. - - Monday through Thursday

6. **Private Swim Lessons** – Ages 2 yrs. old through Adulthood (Approx. 100 participants)
   Summer – 3:00 p.m. to 6:00 p.m. - - Monday through Wednesday

7. **Scuba Diving Lessons** – Primarily Adults (Approx. 30 participants)
   Year Round – Organized in conjunction with West Marine retail outlet
   Classes consist of 2 sessions @ 4 hours during Open Swimming hours

8. **College/Univ. Holiday Training** – Varsity College Teams (Approx. 100 members)
   Xmas & New Year's Holiday – After Xmas through mid January
   Training consists of 2 two hour practices – daily for approx.. 7 to 10 days

9. **High School Team** – Varsity High School training (Approx. 15-25 members)
   September & October – 3:30 p.m. to 4:30 p.m. - - Monday through Thursday

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Current Aquatics Facilities, North Palm Beach

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Pool Fees (2015-2016 Fiscal Year)

North Palm Beach	Fees	Palm Beach Gardens [1/]	
Pool Membership Fees (Annual)		3-Month	Annualized
Resident Family	$345		
Non-Resident Family	$468		
Resident Single	$175	$65	$260
Non-Resident Single	$260	$130	$520
Junior (17 & under)	$95		
Non-Resident Junior (17 & under)	$115		
Resident Masters (training)	$115		
Non-Resident Masters (training)	$160		
Pool Fees (Daily)			
Resident Adult	$2.83	2.82	
Non Resident Adult	$4.72	9.43	
Child (13 & under)	$2.83	2.82 / $9.83	
Child (3 & under)	Free	Under 6 Mo Free	
Tiki Hut #1 - (fee total for 3 hrs)*	$50		
Tiki Hut #2 - (fee total for 3 hrs)*	$50		
After hours Full facility rental (3 hrs)	$550	$750 Res $1500 Non Res	
After hours lifeguards per guard per	$25	$25.00	

1/ Palm Beach Gardens full fee schedule is found in the Appendix to this report

NPBCC Pool Cost Recovery

	2012	2013	2014	2015
Pool Revenues				
Pool Contractor Activity Revenue	$123,509	$130,376	$146,541	$22,157
Pool Revenue Ind Contractor				$6,702
Pool Rental (swim teams college)	$9,761	$8,819	$6,163	$42,549
Daily Fees	$30,673	$28,940	$17,136	$17,863
Membership - Resident	$12,411	$12,381	$10,516	$9,615
Membership - Non Resident	$8,926	$8,166	$9,884	$8,936
Pool Summer Memberhsip	$3,200	$1,000	$200	$400
Tiki Hut Rental	$700	$800	$50	
Donations		$7,100		$144
Total Pool Revenues	**$189,180**	**$197,582**	**$190,490**	**$108,366**
Pool Expenses				
Salary And Wages	$155,731	$148,370	$171,309	$148,591
Utilities, Etc.	$31,885	$30,180	$25,886	$26,502
Supplies & Equipment	$127,110	$149,209	$146,825	$54,864
Total Pool Expenses	**$314,726**	**$327,759**	**$344,021**	**$229,957**
Total Net Income (Loss) Pool	**-$125,546**	**-$130,177**	**-$153,530**	**-$121,592**
Cost Recovery Percentage	**60%**	**60%**	**55%**	**47%**

The pool is currently operating at a net loss – management is managing the cost side of the revenue / expense equation – the loss has actually decreased. However, membership and daily fees are trending down.

Revenues from pool rental to college teams showed a significant increase in fiscal 2015.

Community and staff feedback is very clear on the need to improve / refurbish the current pool area (following slide.)

Village of North Palm Beach Country Club Planning Project – Community Survey

Importance of Resurfaced Pool Deck and More Shaded Areas		Age of Respondent					
	Total	**18-34**	**35-44**	**45-54**	**55-64**	**65-79**	**80+**
Total N= 856	856	135	105	160	151	200	105
Very Important	**43%**	**53%**	**63%**	**60%**	**38%**	**26%**	**27%**
Somewhat Important	**32%**	**36%**	**28%**	**24%**	**39%**	**20%**	**32%**
Not Too Important	9%	2%	4%	10%	9%	13%	14%
Not at all Important	**10%**	**4%**	**5%**	**4%**	**12%**	**17%**	**16%**
Don't Know	5%	6%	0%	1%	3%	10%	10%

Please indicate how important the following amenity is to you in considering whether or not to use the country club in the future: Resurfaced pool deck and more shaded areas near the pool

Source:TWTW Companies Community Survey for the Village of North Palm Beach - January 2016

75 percent of the community respondents believe that a resurfaced pool deck and more shaded areas near the pool are needed; this is particularly important to those ages 18 to 54.

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Pool Performance in Context

The following slide places the cost recovery performance of the NPB Pool in context with other publicly operated pools.

In the regional analysis, the cost recovery performance of the pool (even in its current state of disrepair) is performing within regional market parameters.

The opportunity and plan (as part of this club planning process) is to improve the pool facilities which should help recover former members and daily use revenue and improve overall cost recovery performance.

Additionally, young families are looking for family style water recreation elements that would enhance the overall attractiveness of the aquatics center. This point was emphasized repeatedly in our community interviews and in the online community survey.

Palm Beach Gardens splash pad and water elements provide a model for increasing revenue support for the aquatics center.

Aquatics Comparative Analysis

	Location	Total Revenue	Total Staffing Costs	Total Cost of Operation	Total Expenses	% Cost Recovery
Lap Pool Only						
North Palm Beach (Past 4-Year Average)	North Palm Beach, FL	$171,405	$156,000	$148,116	$304,116	56%
North Palm Beach (2015 Fiscal Year)		$108,366	$148,591	$81,366	$229,957	47%
Lap Pool Only - Palm Beach County						
Aqua Crest Pool	Delray Beach, FL	$185,436	$447,684	$194,316	$642,000	29%
Lake Lytal Pool	West Palm Beach, FL	$294,920	$561,354	$222,906	$784,259	38%
North County Aquatic	Jupiter, FL	$488,729	$529,380	$417,224	$946,603	52%
Pioneer Park Pool	Belle Glade, FL	$15,061	$83,835	$62,498	$146,333	10%
Santaluces Pool	Lakeworth, FL	$33,885	$100,063	$65,108	$165,171	21%
Lap Pool and Family Water						
Palm Beach Gardens	Palm Beach Gardens, FL	$375,000	$300,000	$200,000	$500,000	75%

Source: Norton Consulting, Inc.; November 2015

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Splash Pad Concept

A splash pad is an interactive water play area that has little or no standing water. This eliminates the need for lifeguards or other supervision, as there is little risk of drowning.

Typically there are ground nozzles that spray water upwards out of the splash pad's raindeck. There may also be other water features such as a themed structures that include semicircular pipe shower, and other themes such as a mushroom shower, or a tree shower.

Most modern splash pads feature movable nozzles similar to those found on fire trucks to allow users to spray others.

The showers and ground nozzles are often controlled by a hand activated-motion sensor, to run for limited time. Typically the water is either freshwater, or recycled and treated water, that is typically treated to at least the same level of quality as swimming pool water standards.

These splash pads are typically surfaced in textured non-slip concrete or in crumb rubber.

The splash pad concept has strong NPB Community support as shown in the following slide.

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Village of North Palm Beach Country Club Planning Project – Community Survey

Importance of Kid's Area Near Pool With Splash Park		Age of Respondent					
	Total	**18-34**	**35-44**	**45-54**	**55-64**	**65-79**	**80+**
Total N= 856	856	135	105	160	151	200	105
Very Important	**36%**	**59%**	**55%**	**41%**	**27%**	**20%**	**24%**
Somewhat Important	**28%**	**24%**	**27%**	**28%**	**31%**	**29%**	**32%**
Not Too Important	12%	8%	8%	14%	17%	15%	9%
Not at all Important	**19%**	**10%**	**10%**	**16%**	**23%**	**26%**	**24%**
Don't Know	5%	0%	0%	1%	3%	11%	11%

Please indicate how important the following amenity is to you in considering whether or not to use the country club in the future: Kids' areanear pool with splash pad and kiddie pool

Source:TWTW Companies Community Survey for the Village of North Palm Beach - January 2016

64 percent of the all community respondents believe that at splash park and kiddie pool is very or somewhat important for consideration

83 percent of those 18-34 and 82 percent of those 35-44 believe that at splash park and kiddie pool is very or somewhat important for consideration.

Example of a Functional Cost Efficient Splash Pad

The photos illustrate examples of zero-depth splash pads. Splash pads like these provide a very attractive splash amenity oriented to young children – and their parents (a missing demographic at the pool)

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Example of a Functional Cost Efficient Splash Pad

Renderings for a zero-depth splash pad illustrates the potential to offer a very attractive splash amenity that offers the following:

- Not labor intensive
- Requires very little maintenance
- Entertainment features and attractiveness on par with “minimum depth” attractions

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Palm Beach Gardens Aquatics

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Family Portion of PBG Aquatics

Features:

- 1 diving board
- 3 water slides
- Rock climbing wall
- Splash playground and a splash pad

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Palm Beach Gardens Recreation Department

Summer Revenue & Number of Attendees [1]

	Revenue	2015 # of Attendees	% Distribution	Revenue/ Attendee
Resident				
General Admission	$38,228	13,556		$2.82
Camp Admission	$3,482	1,741		$2.00
Total	$41,710	15,297	69%	
Non Resident				
General Admission	$28,092	2,979		$9.43
Camp Admission	$7,700	1,100		$7.00
	$35,792	4,079	18%	
Pool Party Res / Non Res	$11,921	2,936	13%	$4.06
Total Res & Non Res	$89,423	22,312		

[1] Excludes water aerobics, swim team, in-house summer camps and other programming

Source: Norton Consulting, Inc. December 2015

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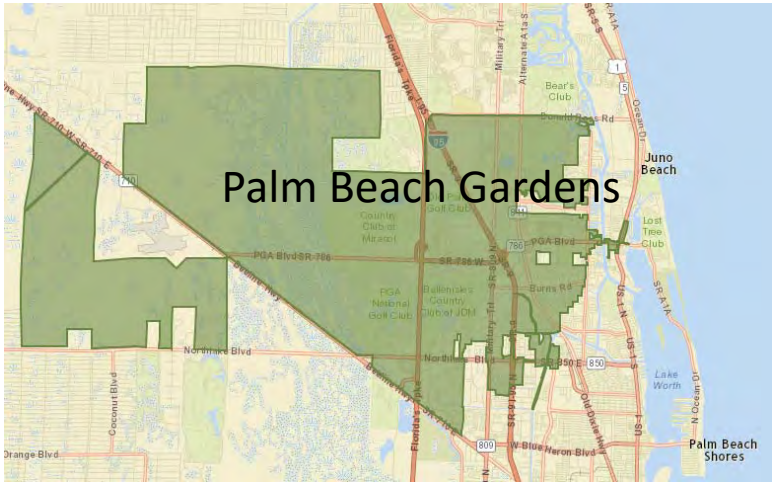
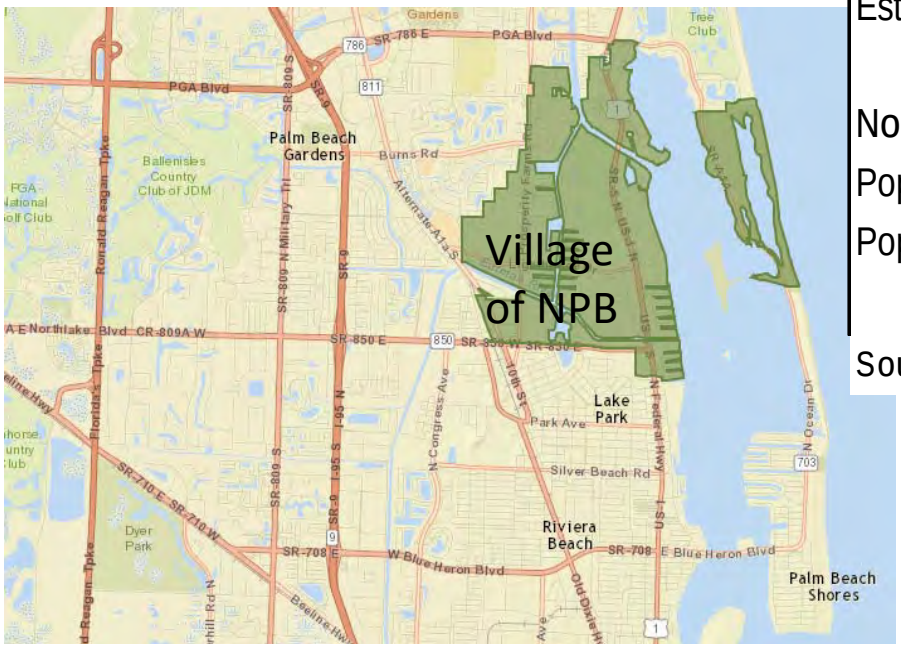
Population & Demographics Aquatics Facility





Palm Beach Gardens	Estimates	
	2015	2020
Population	51,529	54,926
Population < 10	4,522	4,625
Number of Attendees (Summer 2015)		
Resident	15,297	16,305
Party/Events	2,936	3,130
Non Resident	4,079	4,348
Estimated Attendees to the Family Aquatics	22,312	23,783
North Palm Beach		
Population	12,305	12,832
Population < 10	841	877

Source: Norton Consulting, Inc. and Census Based Population Estimates

North Palm Beach Estimated Summer Attendance and Revenue (Non Programming)

	2020			
	Resident Attendees	Party Event Attendees	Non Res Attendees	Total
Estimate Capture Based on Population (NPB Residents)	3,809	731	1,017	5,558
Estimated Capture Based on Population < 10 (NPB Residents)	3,091	593	824	4,509
Average of the Above Capture Estimates (NPB Residents)	3,450	662	921	5,033
Proposed Family Aquatics Fee	$3.00	$4.00	$9.00	
Estimated Summer Revenue Aquatics Facility (Non Programming)	$10,351	$2,649	$8,286	$21,286

[1] Projections are based on Palm Beach Gardens population and aquatics facility market capture

Source: Norton Consulting, Inc.

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Example of a Functional Cost Efficient Splash Pad

Renderings for a zero-depth splash pad illustrates the potential to offer a very attractive splash amenity that offers the following:

- Not labor intensive
- Requires very little maintenance
- Entertainment features and attractiveness on par with “minimum depth” attractions

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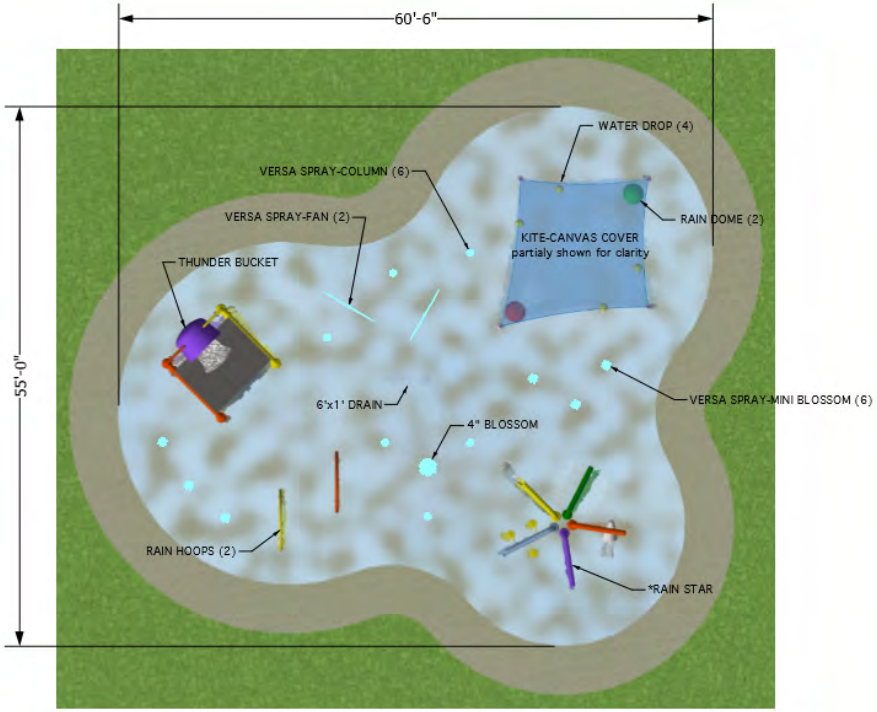
Splash Pad Size and Cost Estimates

- 3,000 square foot attraction area - zero-depth
- Depending on the number of features and component quality, costs range is estimated from $300,000 to $400,000 [1/]



[1/] AquaDynamics

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Conclusions– Splash Pad

A splash pad which is zero depth is recommended over minimum depth

- Zero depth wet areas do not have to be guarded. Palm Beach Garden's minimum depth pool requires 3 lifeguards on duty which is a significant cost
- With splash pads you can get a strong attraction value without the additional operational / labor expense
- Choose carefully the splash pad attractions
- Depending on the vendor and the types of attractions initial costs and later repair and replacement costs can vary greatly
- Certain water features require less maintenance and repairs than others. Ex. Nozzles that require frequent cleaning vs a bucket that fills up and dumps water that requires very little maintenance
- The estimated investment is $300,000 to $400,000 [1/]
- The annual revenues from Splash Pad and related activities are estimated at $21,500.
- The impact on staffing is expected to be minimal (no additional life-guards)

We recommend against a kiddie pool for both development cost ($100,000 [1/]) and operational reasons (needing to have a lifeguard on duty). We believe that there is ample usage and entertainment value in a dynamic and interactive splash pad concept

[1/] ***Estimates provided by Aquadynamics Design Group , Inc.***

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Aquatics Implications for North Palm Beach

Most pool facilities (unless they have full water parks) are operating at a loss. The key is to maximize revenues and minimize the losses for an aquatics facility. This can be accomplished in the following ways:

- In concert with the clubhouse plan, make improvements to the entry area, pool, deck-surface, locker-rooms which should reverse the revenue loss experienced over the last several years
- The splash pad offers an opportunity to broaden the market by offering attractions for children and young families
- Further explore other streams of revenue such as food and beverage concession, gift-shop sales, hosting parties and events, cabana rentals, etc.
- Regardless of plan inclusion, pool deck resurfacing must occur to ensure continued safety of the pool
- Village has earmarked $45,500 in developer contributions to repair or add water feature for children

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CASH FLOW &
DISCOUNTED CASH FLOW ANALYSIS

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Cash Flow and Discounted Cash Flow Analysis

On the following pages the consultant team has prepared a cash flow and discounted cash flow analysis providing the village the amount of discretionary income available from the golf course and the restaurant operation over a 20 year period. Summary points:

Projected cash flows to the Village are shown for golf operations and lease revenue from the proposed restaurant and banquet facility

- Golf Course:
  - From 2018 to 2024 (current debt obligation) cash flows are projected to range from $376,700 to $500,100 ($726,100 in the partial debt retirement year)
  - In 2025, as the current debt is retired, cash flow increases to $953,000
  - The present value of future golf course revenues is estimated at $17. 5 million
- Restaurant lease revenues are projected at 10% of gross restaurant income.
  - The present value of future restaurant lease revenues is estimated at $4.5 million
- Banquet lease revenues are also projected at 10% of gross banquet income
  - The present value of future banquet lease revenues are estimated at $3.6 million

After administrative overhead (combined for golf and restaurant) – discretionary cash flow to the Village ranges from $516,900 to $1.125 million (once the golf debt is canceled)

The overall present value of future discretionary cash flows from golf and restaurant operations is estimated at $21.1 million.

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Cash Flow and Discounted Cash Flow Analysis

Cash Flow Source	Present Value of Future Cash Flow
Golf Income	$17,509,579
Restaurant Lease Income	$4,530,562
Banquet Lease Income	$3,359,421
Overhead Administration	($4,324,410)
Future Income Stream	$21,075,153

Source: Norton Consulting, Inc; and PCA; January 2016

For calculation details
see
Next page

Discretionary Funds Available	
Year 1 (2018)	$516,910
Year 2 (2019)	$544,315
Year 3 (2020)	$572,546
Year 4 (2021)	$601,707
Year 5 (2022)	$631,702
Year 6 (2023)	$662,635
Year 7 (2024)	**$893,489**
Year 8 (2025)	**$1,125,390**
Year 9 (2026)	$1,159,162
Year 10 (2027)	$1,193,889
Years 11-20 (2028-2038)	$14,096,310

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Cash Flow & Discounted Cash Flow Analysis

	Present Value of Future Cash Flow	Year 1 (2018)	Year 2 (2019)	Year 3 (2020)	Year 4 (2021)	Year 5 (2022)	Year 6 (2023)	Year 7 (2024)	Year 8 (2025)	Year 9 (2026)	Year 10 (2027)	Years 11-20 (2028-2038)	Residual Value at Year 20
GOLF OPERATIONS:													
Projected Annual Golf Income		$774,900	$798,100	$822,000	$846,700	$872,100	$898,300	$925,200	$953,000	$981,600	$1,011,000	$11,936,800	
Less Existing Loan Payment		$398,159	$398,159	$398,159	$398,159	$398,159	$398,159	$199,080					
Net Cash Flow from Golf		$376,741	$399,941	$423,841	$448,541	$473,941	$500,141	$726,120	$953,000	$981,600	$1,011,000	$11,936,800	$16,982,500
Present Value of Future Golf Income	$17,509,579												
RESTAURANT OPERATIONS:													
Restaurant Lease (10%)													
Lease Revenue		$178,104	$183,447	$188,951	$194,619	$200,458	$206,472	$212,666	$219,046	$225,617	$232,386	$2,743,961	$3,903,835
Present Value of Future Restaurant Lease Income	$4,530,562												
Banquet Lease (10%)													
Lease Revenue		$132,065	$136,027	$140,107	$144,311	$148,640	$153,099	$157,692	$162,423	$167,296	$172,314	$2,034,653	$2,894,701
Present Value of Future Banquet Lease Income	$3,359,421												
Net Cash Flow from Lease Revenue		$310,169	$319,474	$329,058	$338,930	$349,098	$359,571	$370,358	$381,469	$392,913	$404,700	$4,778,615	$6,798,536
Present Value of Restaurant/Banquet Lease Income	$7,889,983												
ADMINISTRATION:													
Administrative Overhead		-$170,000	-$175,100	-$180,353	-$185,764	-$191,336	-$197,077	-$202,989	-$209,079	-$215,351	-$221,811	-$2,619,104	-$3,726,200
Present Value of Future Administrative Overhead	($4,324,410)												
Present Value of Future Income Stream	$21,075,153												
Discretionary Funds Available		$516,910	$544,315	$572,546	$601,707	$631,702	$662,635	$893,489	$1,125,390	$1,159,162	$1,193,889	$14,096,310	$20,054,836

Assumptions:

The 10% lease assumption is comparable to the Palm Beach Par-3 Restaurant (10.5%) and The Crandon Park Golf Course Restaurant (10%)

Residual Value of Income stream at the end of 20 years capitalized at 8 percent (PWC.com) and discounted to the present at 4.5%

Income projected to increase at 3% per year

Administrative Overhead: legal fees, property/casualty insurance allocation, administrative support staff salary/benefits, etc.

Source: Norton Consulting, Inc; and PCA; January 2016

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APPENDICES

Golf Club Profiles
Contacts from Study Process
Additional Support Data

Golf Club Profiles

- Palm Beach Par-3
- Abacoa Golf Club, Jupiter, Florida
- Old Corkscrew Golf Club, Estero, Florida
- Crandon Park Golf Club, Key Biscayne, Florida
- Hammock Creek Golf Club, Palm City, Florida
- Palm Beach Gardens Sandhill Crane Golf Course

Key Benchmark Palm Beach Par 3

The impact of a new clubhouse on golf revenues

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The New Clubhouse Effect - Performance Summary Palm Beach Par 3

	FY 2013	FY 2014	FY 2015	% Delta Change (FY 2013-2015)	% Delta Change (FY 2013-2015)
Food and Beverage					
F&B Sales Gross	NA	$1,492,714	$3,267,051		
F&B Sales to Town of Palm Beach	$21,687	$156,735	$343,040	1482%	$321,353
Golf Operations Performance					
Golf Passes / Memberships	$43,445	$35,118	$44,303	2%	$858
Golf Green Fees,Tournaments, Special Events	$507,131	$669,742	$815,619	61%	$308,488
Golf Cart Rental (Riding & Pull Cart)	$163,400	$197,154	$221,140	35%	$57,740
Golf Driving Range	$82,227	$93,405	$97,037	18%	$14,810
Merchandise Sales	$69,565	$141,321	$182,238	162%	$112,673
Town Share Golf Teaching Services	$28,292	$30,748	$40,588	43%	$12,296
Golf Maintenance & Improvement Fees	$50,237	$66,877	$71,849	43%	$21,612
Total Other Miscellaneous Revenues	$33,900	$35,208	$63,105	86%	$29,206
Total Revenue From Operations	$978,196	$1,269,574	$1,535,879	57%	$557,683
Total Rounds Played	30,357	33,317	35,378	17%	5,021
Average Green Fee Per Round	$16.71	$20.10	$23.05	38%	$6.35
Average Cart (Riding & Pull) per Round	$5.38	$5.92	$6.25	16%	$0.87
Total Average Golf Fee per Round	$22.09	$26.02	$29.31	33%	$7.22

Source: Norton Consulting, Inc.

Like NPBCC, the Palm Beach Par-3 was renovated and re-opened in December 2009, 4 years in advance of the new clubhouse & restaurant being opened. The new clubhouse & restaurant opening (Dec 2013) had a dramatic impact on golf course performance:

- The F&B operation is operated by Al Frescos – the 10.5 % lease generated 343,000 in Fiscal 2014.
- Green Fees up 61% from $507,100 in fiscal 2013 to $815,600 in fiscal 2015
- Golf operations (excluding F&B) up 57 percent, from $978,200 to $1.5 million
- Rounds played up 17% from 30,400 to 35,400
- Total Golf Fee per round up 32% from $23.44 to $30.97.

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Palm Beach Par 3 – Club House

Golf Course was extensively redesigned by Raymond Floyd and re-opened in 2009

- 18-hole par 3 course offers both ocean and intra-coastal frontage
- Peak Season Rates as high as $62.00

New Golf clubhouse opened in January of 2014

- Facility Structure: owned by the Town of Palm Beach – the City self-operates the golf course and the food & beverage concession is leased to Al Fresco (which also operates Renato's and Pizza Al Fresco on Palm Beach
- Clubhouse Size: Approximately 4,000 square feet under air and 6,750 square feet total size including the various porches & balconies

Clubhouse Features & Functions – Ground floor:

- Golf shop with golf check-in, retail shop, offices & inventory storage (~1,200 SF)
- Men's & women's restrooms – but no locker facilities (~800 SF)

The Clubhouse Cost

- Reported to be $3.25 million and the Town of Palm Beach generated $2 million in donations from patrons and issued a bond for the balance of $1.25 million

Clubhouse Features & Functions – Second floor:

- Upscale restaurant facility that includes indoor dining, bar area & extensive outdoor seating (~2,000 SF under air)

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Palm Beach Par 3 – Club House

Lease

- The leasee for the food & beverage operation has a long-term lease with the Town. This is a significant revenue source for the Town, with the operator paying $150,000 annually or 10.5% of the gross revenue – whichever is greater. This was $343,000 for fiscal year 2015.

Interior Dining

- Seating for approximately 40 guests plus a well-appointed bar with seating for 15 people.

Exterior Dining

- On the north and east outdoor balconies, there is additional seating (and ocean & golf views) for approximately 80 to 90 patrons.
- The facility offers valet parking for guests visiting the upscale restaurant (provided by the restaurant operation) and we estimate that much of the restaurant revenue comes from non-golfers.

The golf shop

- Well designed with good use of the retail space for both floor racks and wall displays. The majority of goods carried in the shop are clothing (with the only golf products being balls & gloves – no other hard goods).
- The restrooms are also located on the first floor but provide only basic facilities – no showers or lockers for golfers.

Positive

- Added a High Class Club / Restaurant facility to compliment the upscale redesign of the golf course
- Town of Palm Beach receives 10.5 percent of gross Food and Beverage Revenues
- Clubhouse has significantly and positively impacted golf fees which have nearly doubled since the clubhouse opened

Design Flaws (Always clear in hind site)

- The clubhouse is too small – missing out on both food and beverage spending opportunities and golfer comfort
  - Pro believes that a clubhouse twice the size would have doubled potential revenues and facilitated storage
- Lacks storage
- Outdoor decking wind protection inadequate
- Hardwood floors not holding up under high use

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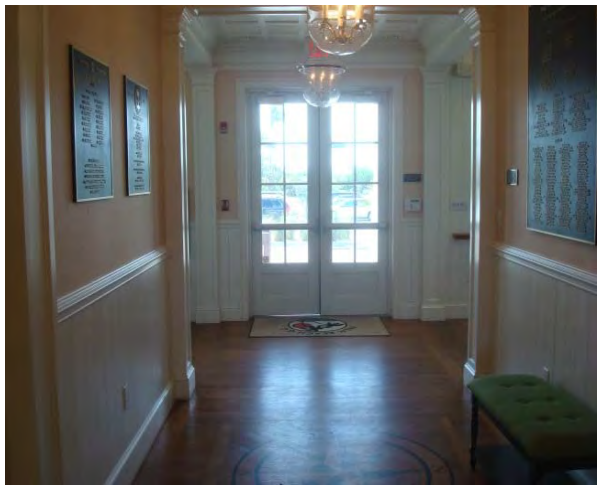
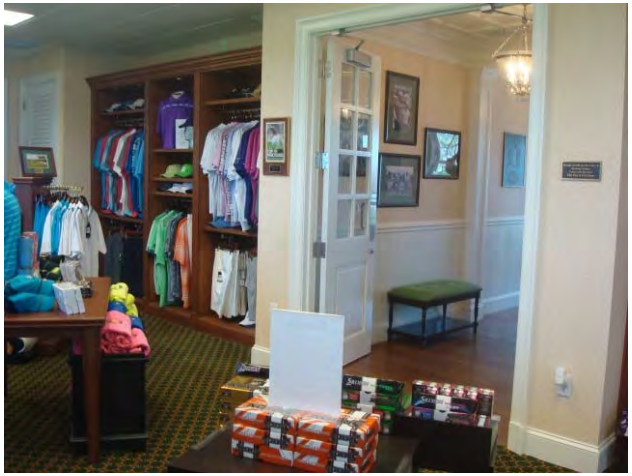
Palm Beach Par 3 Club House Photos

Clubhouse Exterior & Entry Way



Golf Shop



Bathroom

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Palm Beach Par 3 Club House Photos

Al Fresco Restaurant Interior

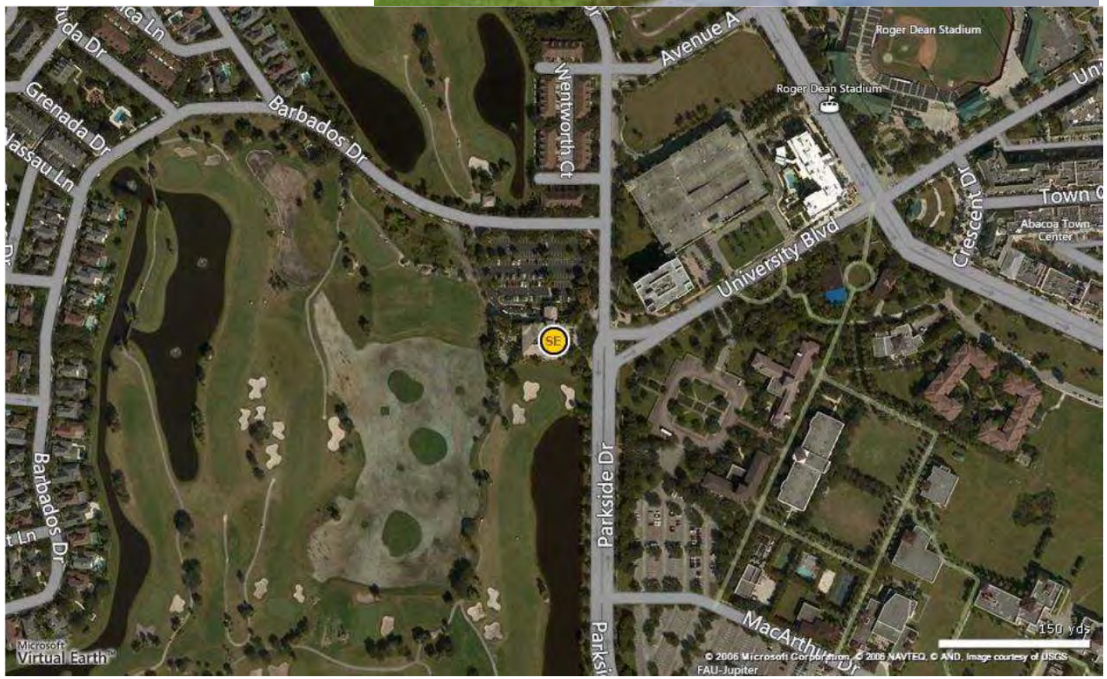
Palm Beach Par 3 Club House Photos

Al Fresco Restaurant Exterior Balcony

Key Benchmark Abacoa Golf Club

Clubhouse

- Two levels
- Gross Square feet: 13,500 (In context, NPBCC existing is 12,500 SF)
- Main floor (6,750 SF)
  - Ballroom, Grill and Kitchen Area +/- 4,000 SF
  - Pro-shop: 800 SF
  - Offices, Foyer, Bathrooms (lockers, shower) 2,000 SF
  - Covered Terrace/ Veranda (1,500 SF?) Outdoor Patio Grill (Golfer can use when event space is being used for a dedicated function)
- Basement (6,750 SF)
  - Cart Storage (78 Carts)
  - Shipping and Receiving
  - Storage
  - Employee Bathrooms
- 200 Parking Spaces
- In context, NPBCC parking:
  - 165 Club house
  - 20 Tennis Center
  - 38 Driving Range
  - 223 Total



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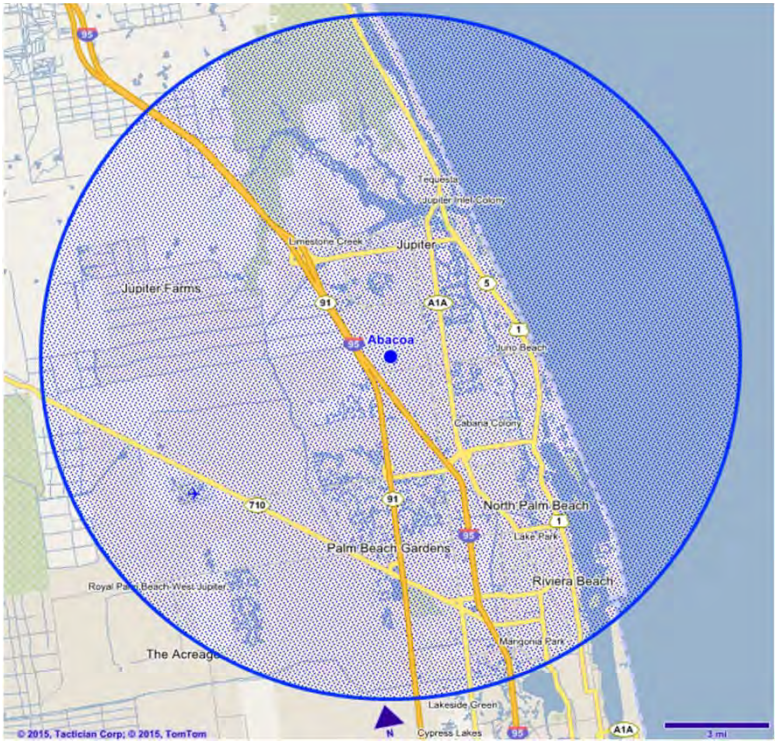
Abacoa
Golf Club

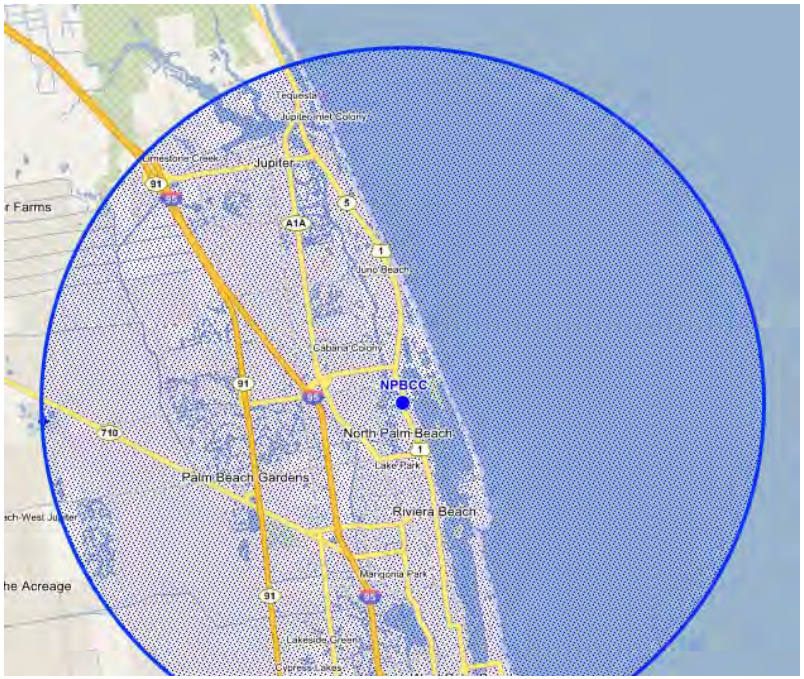
Abacoa Golf Club Demand Indices (National = 100)

	10 miles
Golfing Household Participation Rate	137
Seasonal Golfing Households	485
Latent Demand/Interested Non-Golfers	117
Rounds Potential per Household (resident golfers)	188



North Palm Beach CC Demand Indices (National = 100)

	10 miles
Golfing Household Participation Rate	116
Seasonal Golfing Households	418
Latent Demand/Interested Non-Golfers	128
Rounds Potential per Household (resident golfers)	155



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Abacoa Operating Metrics Compared With NPBCC

	NPBCC	Abacoa	Comments
Rounds	42,900	43,000	The only two golf courses targeting the upscale market in North County
Golf Revenues (Green Fees, Carts & Membership)	$2,324,200	$2,200,000	Like Rounds Played Very similar
Golf Range	$313,900	$275,000	Abacoa has more tee stations (50 versus 30); hopwever not lighted; lights are coming
Merchandise	$181,000	$250,000	Larger Pro-shop 800 SF versus 350 SF?
Lessons Gross	$159,200	$200,000	Pros paid separately (net to faciltiy is $40,000)
Other	$75,000	$40,000	
Total Golf Related Revenues	$3,053,300	$2,965,000	Very similar; High Season Rates for 2015 were very similar; Abacoa slightly higher

Source: Village of North Palm Beach and Norton Consulting, Inc.

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Daily Fee Rate Comparisons for 2016 - NPBCC Compared to Abacoa GC

Abacoa High Season Rates are $10 above NPBCC

	7 am - 12 Noon		After 12 Noon		Twilight	
	NPBCC	Abacoa	NPBCC	Abacoa	NPBCC	Abacoa
Fall Season (Oct - Mid Nov)						
Monday - Thursday	$59.95	$70.00	$49.95	$60.00	$39.95	$45.00
Fri, Weekend, plus Holidays	$69.95	$80.00	$59.95	$70.00	$49.95	$50.00
Pre-Winter (Nov - Mid Dec)						
Monday - Thursday	$75.95	$80.00	$65.95	$70.00	$49.95	$50.00
Fri, Weekend, plus Holidays	$85.95	$90.00	$75.95	$80.00	$59.95	$55.00
Shoulder Season (Mid Dec -Jan 24)						
Monday - Thursday	$89.95	$100.00	$79.95	$90.00	$54.95	$60.00
Fri, Weekend, plus Holidays	$99.95	$110.00	$89.95	$100.00	$64.95	$65.00
High Season (Jan 25 - Apr 3)						
Monday - Thursday	$104.95	$115.00	$89.95	$105.00	$59.95	$65.00
Fri, Weekend, plus Holidays	$114.95	$125.00	$94.95	$115.00	$64.95	$65.00
Spring Season (Apr 4 - Apr 30)						
Monday - Thursday	$79.95	$80.00	$69.95	$70.00	$49.95	$50.00
Fri, Weekend, plus Holidays	$89.95	$90.00	$79.95	$80.00	$59.95	$60.00
Summer (May 1 - Oct 4) May 2 - June 5						
Monday - Thursday	$45.95	$60.00	$39.95	$50.00	$32.95	$35.00
Fri, Weekend, plus Holidays	$55.95	$70.00	$49.95	$60.00	$35.95	$45.00
Summer (May 1 - Oct 4) (June 6 - Jul10)						
Monday - Thursday	$45.95	$50.00	$39.95	$45.00	$32.95	$35.00
Fri, Weekend, plus Holidays	$55.95	$60.00	$49.95	$55.00	$35.95	$40.00
Summer (May 1 - Oct 4) (Jul 10 - Oct 16)						
Monday - Thursday	$45.95	$45.00	$39.95	$40.00	$32.95	$30.00
Fri, Weekend, plus Holidays	$55.95	$55.00	$49.95	$50.00	$35.95	$35.00

Source: Norton Consulting Research

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Old Corkscrew Golf Club

Old Corkscrew is Jack Nicklaus Signature Golf Course located near the town of Estero in Lee County Florida. Sometimes called the "sister" course of North Palm Beach CC. The course is open to the public. The majority of revenue come from greens fees. The performance summary of Old Corkscrew is noted below:

- Golf operations for calendar year 2015
  - 41,954 Rounds
  - $2,318,700 (greens fees)
  - $302,300 (86 annual memberships and 121 grandfathered memberships)
    - The cost of annual memberships is $2,000 and entitles the holder to 50% discount on green fees during the high and shoulder seasons and cart fees during the summer time.
  - The total golf play related revenue was **$2,621,000 or $62.47 per round.** In context NPBCC golf play related revenue in fiscal year 2015 was **$2,324,167 or $52.90 per round.**
  - Old Corkscrew is able to achieve higher golf play related revenues due to commanding premium rates during the high season.
  - Merchandise sales totaled $255,188 in calendar year 2015 with cost of goods sold at 61 percent. This figure was achieved with a pro-shop of approximately 1200 square feet.
  - The range revenues are not comparable. Unlike North Palm Beach, Old Corkscrew does not have the location to attract the ball hitting and practicing public. Its range is not lighted and is there solely for warm up purposes.
    - Range fees are included in golf fees. Outside range play was minimal – totaling $5,589.80.
  - The lesson learned from Old Corkscrew is that a signature Jack Nicklaus Golf Course can command premium high season rates. These rates are shown in context with NPBCC on the following page.
  - Old Corkscrew has a limited club house – Prof-shop (1200 SF), minimal daily fee serving restroom and minimal bar / snack bar area.
  - The bar / snack bar (no hooded stove) is generating $453,000 in gross revenue with no walk-in traffic and limited hours. Unlike the North Palm Beach Country Club , the Old Corkscrew facility is serving the needs of daily fee golfers only.

Old Corkscrew Golf Club, Estero FL

		Public Rate	**Single Preferred - Annual Membership*	*Guest of Member*
DEC 26 2015 - MARCH 31 2016	*7:00 - 1:30 pm*	*$ 185.00*	*$ 90.00*	*$ 130.00*
	1:40 - 5:00 pm	*$ 100.00*	*$ 50.00*	*$ 70.00*
APRIL 1 - APRIL 30	*7:00 - 1:30 pm*	*$ 140.00*	*$ 70.00*	*$ 98.00*
	1:40 - 5:00 pm	*$ 85.00*	*$ 42.50*	*$ 59.50*
MAY 1 - OCT 15 (October 30th for Single Preferred Members)	*7:00 - 1:30 pm*	*$ 90.00*	*$ 25.00*	*$ 63.00*
	1:40 - 5:00 pm	*$ 60.00*	*$ 25.00*	*$ 42.00*
OCT 16 - DEC 25	*7:00 - 1:30 pm*	*$ 140.00*	*$ 70.00*	*$ 98.00*
	1:40 - 5:00 pm	*$ 85.00*	*$ 42.50*	*$ 59.50*

NPBCC 2016 Golf Rate Schedule

18 Holes Walk-In Rates*	**Monday - Thursday**	**Friday, Saturday, Sunday & Holidays**
Pre - Winter Season Nov. 9th - Dec. 13th	7:00 - 12:30 $75.95 After 12:30 $65.95 ** Twilight $49.95	7:00 - 12:30 $85.95 After 12:30 $75.95 ** Twilight $59.95
Shoulder Season Dec. 14th - Jan. 24th	7:00 - 12:30 $89.95 After 12:30 $79.95 ** Twilight $54.95	7:00 - 12:30 $99.95 After 12:30 $89.95 ** Twilight $64.95
High Season Jan. 25th - April 3rd	7:00 - 12:30 $104.95 After 12:30 $89.95 ** Twilight $59.95	7:00 - 12:30 $114.95 After 12:30 $94.95 ** Twilight $64.95
Spring Season April 4th - April 30th	7:00 - 12:30 $79.95 After 12:30 $69.95 ** Twilight $49.95	7:00 - 12:30 $89.95 After 12:30 $79.95

Old Corkscrew is commanding walk-in rates that are $60 to $75 higher than NPBCC during the high season and, as result, is generating overall golf fees that are 13 percent higher than NPBCC on 2,000 less rounds per year.

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Crandon Park Golf Club

Crandon Park Golf Course is located in Key Biscayne Florida and is considered one of the premiere public access golf course in the state. The course is operated by Metro-Dade County:

- Golf operations for fiscal year 2015
  - 41,761 paid rounds; plus 4,000 non-paid rounds (golf cart only)
  - $2,423,023 (greens fees) an average of $58.02 per round
  - Rounds before 1 pm during the season include a $26 forecaddie fee (pass through)
  - Metro-Dade County Annual passes ($45) provide residents with a 50 percent discount on high season green fees
    - The annual pass applies to all of Metro-Dade golf courses, thus the revenue benefit is from discounted green fees only. The total golf play related revenue was **$2,423,023 or $58.02 per round.** In context NPBCC golf play related revenue in fiscal year 2015 was **$2,324,167 or $52.02 per round.**
  - Crandon Park is able to achieve higher golf play related revenues due to a higher rates during the high season – and they achieve this despite having a high percentage of annual pass holder play (estimated at 50%) that receives a 50% discount on green fees.
  - Merchandise sales totaled $501,000 in calendar year 2015. This figure was achieved with a pro-shop of approximately 1500 square feet.
  - Again, the range revenues are not comparable. Unlike North Palm Beach, Crandon Park does not have the location to attract the ball hitting and practicing public. Its range is not lighted and is there solely for warm up purposes.
    - Range fees are not included in golf fees. Total range revenues totaled 156,000 in fiscal 2015
  - The lesson learned from Crandon Park is that a quality course located in proximity to resort hotels and seasonal residents can command premium high season rates. These rates are shown in context with NPBCC on the following page.
  - Crandon Park does have a highly functioning clubhouse – the clubhouse write-up is found on a following slide.

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Clubhouse –Crandon Park
Bar & Grille

- Location
  - Key Biscayne – part of the clubhouse
  - Located 0.25 miles off of Key Biscayne Blvd
- Restaurant
  - Bar/Grille Dining Area: 3,457 SF
  - Reported maximum seating capacity – 212
  - Site visit indicated
    - 28 indoor tables – seating for 112
    - 4 high hat tables – seating for 8
    - 8 bar seats
    - 18 outdoor and patio table seating for 72
    - Total seating set-up at time of visit: 200
  - Kitchen, food preparation and storage area: 2,400 SF
  - Outdoor dining area (partially covered): 3,500 SF
  - Open 8 am to 5 PM
  - Concessionaire does do banquets utilizing outdoor area to supplement indoor area
- Restaurant
  - Pays 10% of gross revenues
  - Total Revenues estimated at $1 million
  - Lease to Miami Dade estimated at $100,000

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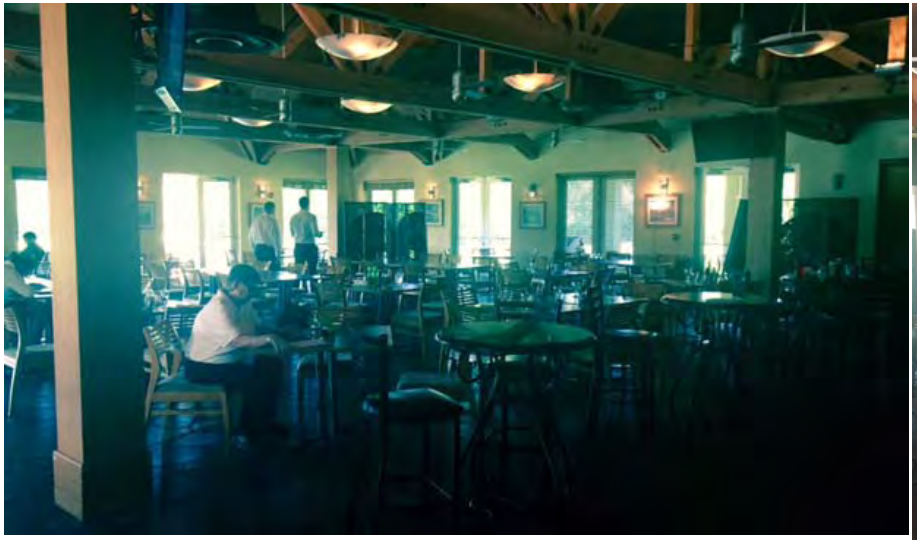
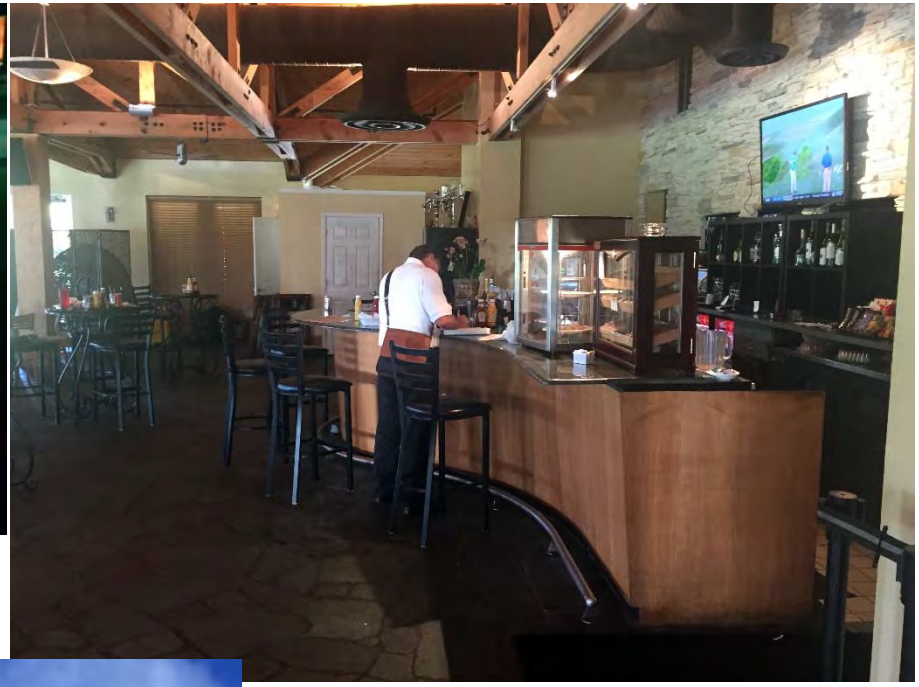
Crandon Park Bar & Grille and Outdoor Terrace Area





Pro-shop

- Estimated size 1,500 – 1,800 SF
- Gross Revenues - $501,000 ; $12 per round

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Locker-Rooms and Cart Storage

- Locker Rooms – are spacious – they were sized to host a tour event – feedback is that they are underutilized; very little locker rental
  - Men's side 118 half lockers
  - Shower
  - Full Grooming area
- Cart Storage
  - 84 carts – capacity for 120
  - Pro-shop storage
  - Bags stored along the wall – no formal bag storage areas – a miss
  - of design
  - Storage area is poorly design

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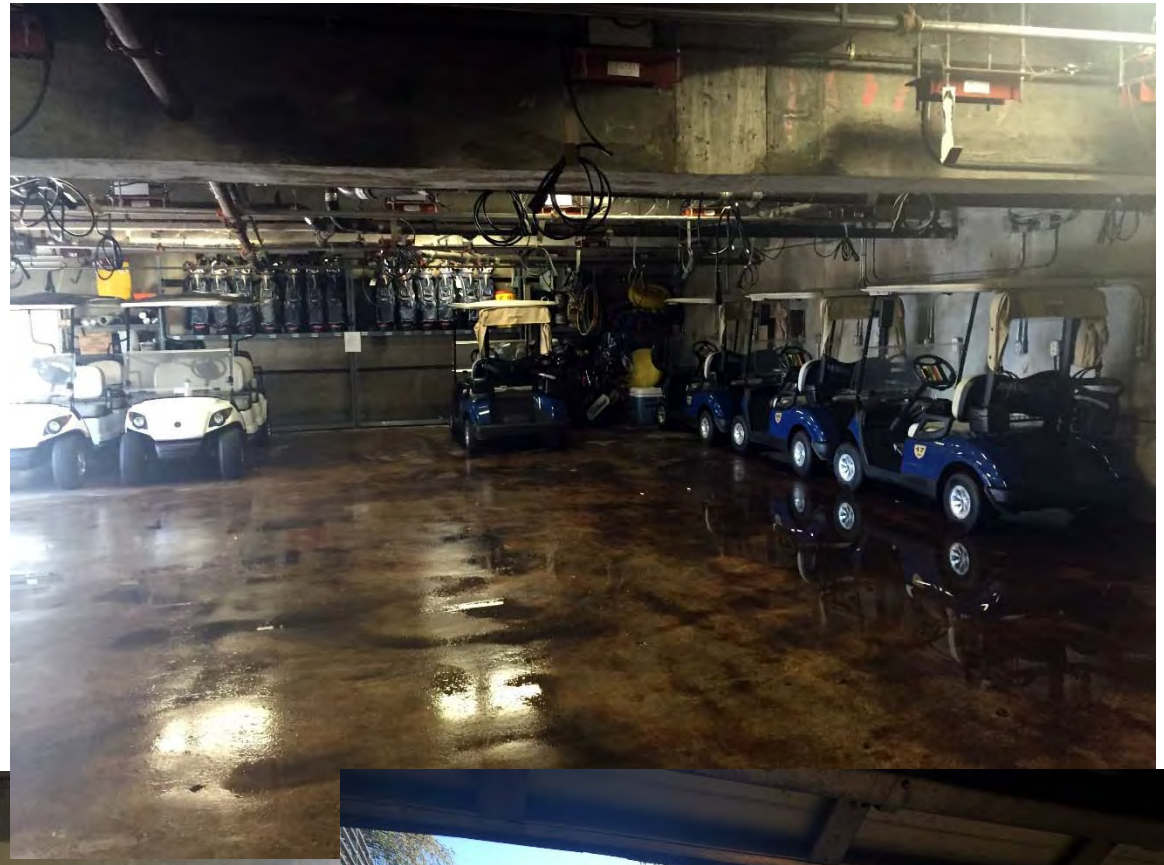
Crandon Park Golf Course Locker-room

Crandon Park Cart Storage



Crandon Park Clubhouse Components

Restaurant / Bar /Grille	3,500 SF
Kitchen/Prep/Storage	2,400 SF
Pro-shop	1,500 – 1,800 SF
Other: Offices, Locker Rooms, Storage	4,000 – 4,500 SF
Total AC (see note below)	11,400 to 12,200 SF
Outdoor Patio and Terrace	3,500 SF
Total Usable	14,900 to 15,700
Basement Cart Storage	7,500 SF

Notes: Estimates for F&B from Miami-Dade Metro Parks Department;
Estimates for other – NCI site inspection

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Hammock Creek Golf Course

Rounds 53,000
Golf Revenues: $1,600,000
Memberships $ 67,000 from 18 members: Single $3,200; Family $4,950

Golf Revenues $1,667,000 Revenue per Round = $31.45 per round
Merchandise: 200,000 Revenue per Round = $3.77 per round
Range: 50,000
Miscellaneous 144,000
Total Golf $2,061,000
Restaurant: 339,000 Revenue per round = $6.40 per round
Total Facility: $2,400,000
Recent years – priced memberships out of the market – went from 250 to 18

Single $3,200

Family $4,950

Cart license: $1,800 for single and $3,600 per family

Maintenance budget at about $800,000

Green Fees

	2015	**2016**
Peak Winter	$62	$69
Fall	$49	$52
Spring	$59	$62
Summer	$29	$32

Cart Fee: $20

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Palm Beach Gardens – Sandhill Crane Golf Course

Palm Beach Gardens Sandhill Crane Golf Course

- $1.5 Million Gross Revenues on +/- 42,000 Rounds
- Spending $1 million in maintenance!
- Looking to do $1.8 Million gross in 2016
- 50% of the gross revenues of NPBCC
- Planned Clubhouse
  - 11,036 Interior (two levels)
  - 10,719 Exterior (two levels)
  - Existing administrative operations of the golf course
  - Event space to accommodate a minimum seating for 200 persons banquet-style
    - Dance floor – Catering Kitchen
  - Golf on first floor with Pub/Grill including full kitchen
  - F & B and Banquet on Second Floor
  - Viewing Banquet Space as supplemental to the Golf Course
  - With Banquet facility: total facility revenue target $2.6 to $2.8 million
  - Using hybrid approach to management: mix of City management and contract labor; City will do what it is best at and contract out what it is not experienced at; most notably F& B operation.

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Norton Consulting Sources and Contacts

Norton Consulting visited / profiled benchmark golf clubs and recreation facilities
Local and Regional Facilities

- Hammock Creek Golf Club
  - Ray Finch – General Manager
- Abacoa Golf Club
  - Rob Young – General Manager
- Palm Beach Gardens Golf Club
  - Charlotte Presensky - Manager
- Palm Beach Par 3
  - Tony Chateauvert - Manager
- Corkscrew Golf Club, Estero
  - Mark Iwinsky - Manager
- Old Crandon Park Golf Club, Miami / Dade County
  - Steve Jablonowsky
- Delray Dunes
  - Thomas Jordan – General Manager
  - Gino Composto – PGA Professional
- Other Sources Golf:
  - National Golf Foundation – Joe Beditz (CEO)
  - PGA Performance Track Data

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Norton Consulting Sources and Contacts

Recreational / Aquatic Facilities

- Lourie Schobelock – Director of Aquatics - Palm Beach County
- Laura Schuppert – Director of Recreation – Palm Beach Gardens
- Kevin Abbate - Parks and Recreation Director – Martin County
- Todd Foust – Special Facilities Administrator – Martin County Parks and Recreation
- John Wahler – AquaDynamics (Engineering)

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Norton Consulting Sources and Contacts

Village, Country Club & Golf Staff:

- Casey Mitchell
- Lenore Dingle
- Meghan Sponheimer
- Rick Reiter (IGM)
- Joe Dargin
- Chuck Huff
- Jamie Dellamano
- Karen McMichael
- Chef Domingo Caraballa
- Mark Hodgkins
- Mark Howell
- Nancy Hensler
- Jackie Wheeler
- Mike Applegate
- Brian Moree
- Jim Kelly, Village Manager

Specific meetings with:

- Audit Committee
- Golf Advisory
- Recreation Advisory
- Waterways Board
- Planning Commission / Zoning Board of Adjustment
- Swim Team Coach – Richard E. Cavanah
- Participated in (six) small group meetings with a cross section of Village Residents and participated in larger community group forums to get community input on proposed facilities and desired usage.

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