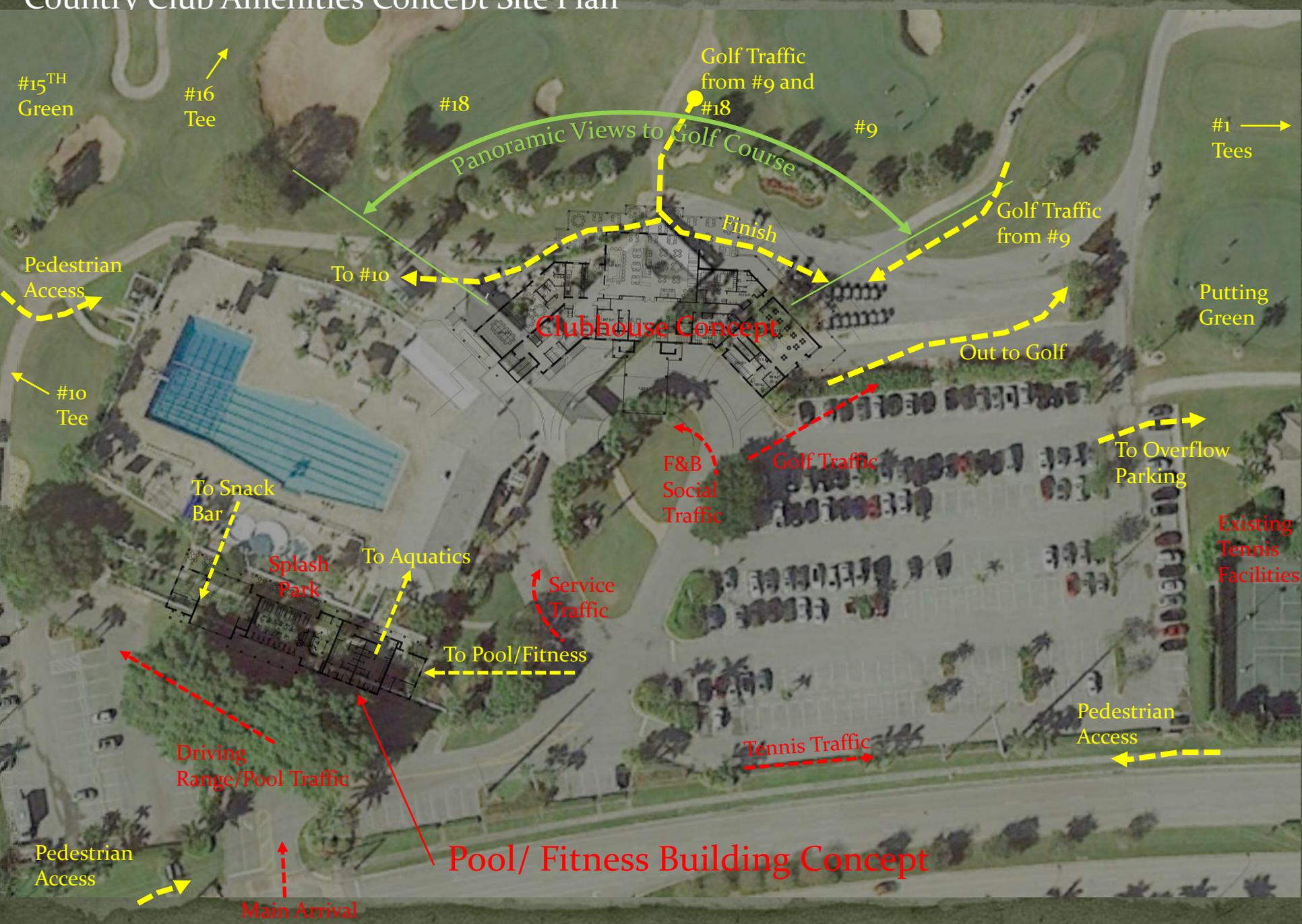




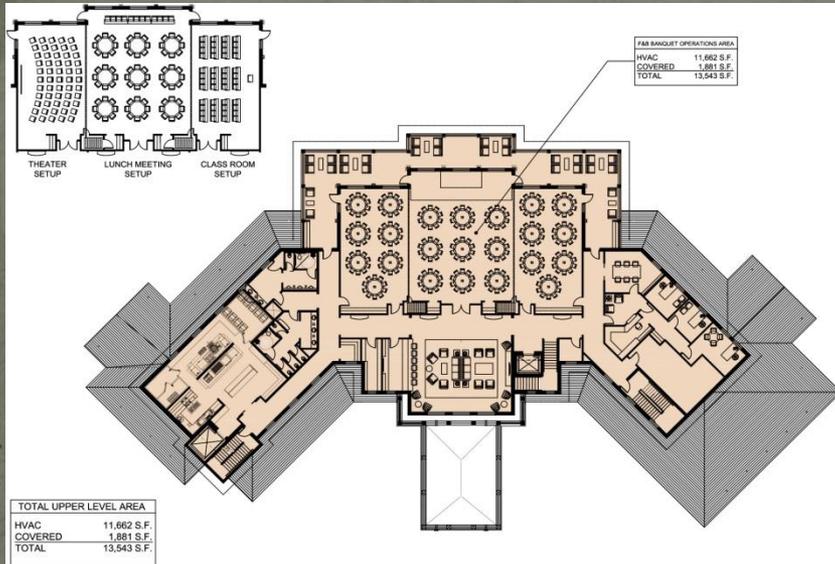
How to Build a Clubhouse For the Next Fifty Years

Village of North Palm Beach
Council Workshop
February 10 and 11, 2016

Country Club Amenities Concept Site Plan

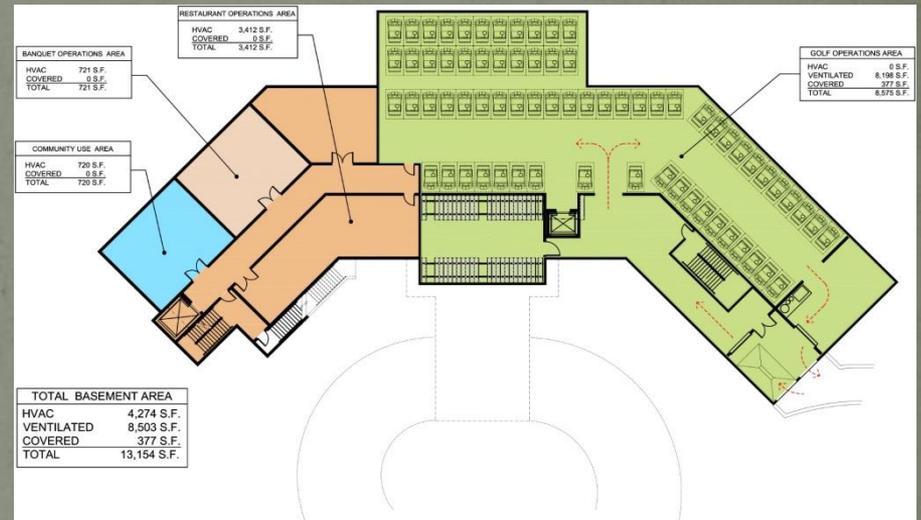


Upper Level

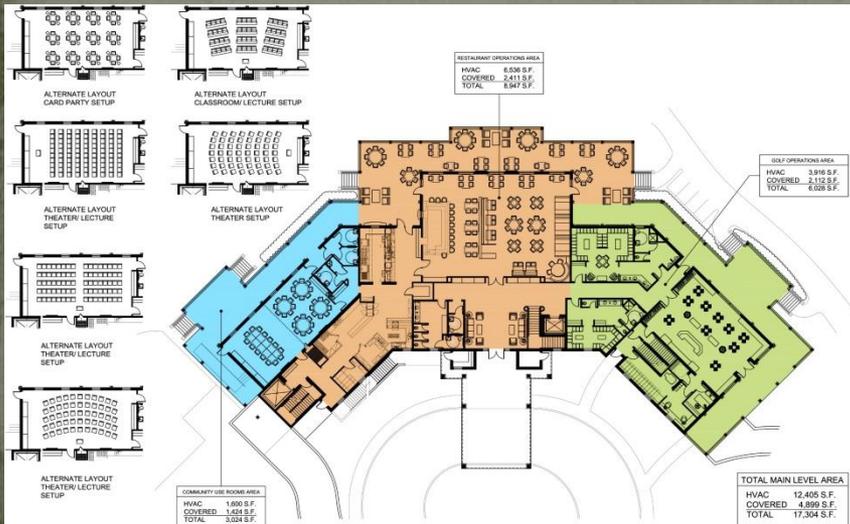


Concept Renderings

Basement



Main Level

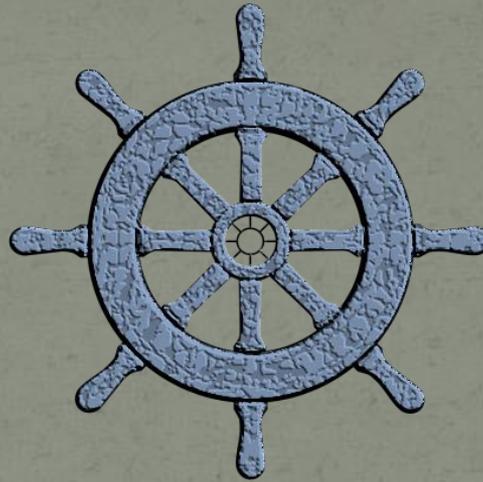


- Golf
- Restaurant
- Banquet
- Community Use

Study Process and Methodology

- Nature of competing supply.
- Opportunity/Demand segments.
- Historical performance of existing venue.
- Comparison of like venues.
- Rate comparison with other high-end public access golf courses (locally and regionally).
- Interviews with staff, advisory board members and community.
- Identified critical success factors.





GOLF OPERATIONS

BEGIN WITH THE CORNERSTONE

Existing Facility

Areas Needing Improvement:

- Pro-shop needs to be expanded.
- Display Areas for clubs and bags need to be added.
- Merchandise display areas need to be improved.
- Cart Storage needs to be added and improved.
- Expansion of office area for staff and golf pros.
- Increased bag storage.
- Updated and expanded locker rooms.
- Dedicated laundry (washer/dryer) for towels and other.



Market study includes: comparison of like venues; interviews with staff and community members, interview of referring partners and market benchmarks.

Year Ending	Total Rounds	Per Round	Gross Revenue
9/30/2012	45,145	\$ 65.68	\$2,964,955
9/30/2013	43,893	\$ 70.55	\$3,096,460
9/30/2014	44,338	\$ 68.07	\$3,017,901
9/30/2015	42,934	\$ 71.11	\$3,053,216



0% of golf expenses are paid by tax dollars.

Age Group	Utilizing Golf
18-34:	31%
35-44:	45%
45-54:	34%
55-64:	42%
65-79:	42%
80+:	34%
Avg:	38%



60% Support upgrading the locker rooms.

* 2016 Resident Survey Results

Projections for the Future

	Total Rounds	Per Round	Gross Revenue
Stabilized Year	44,000	\$77.79	\$3,422,800



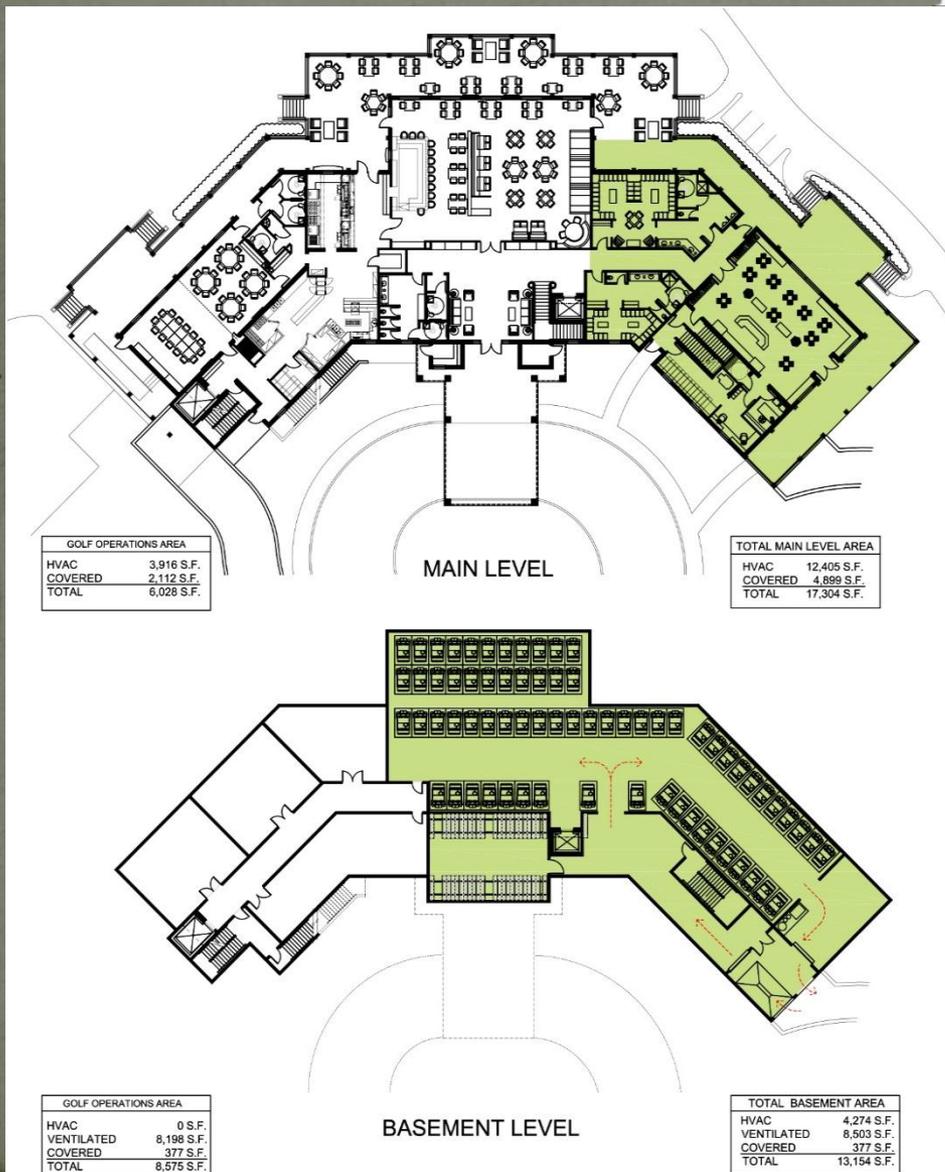
Golf revenues are projected to increase by 12.1%, primarily from enhanced capture of high income daily fee markets - fees to be consistent with market benchmarks.

Cash flow before debt service (\$822,000) is projected to increase by 11.7% over current levels.



Market study includes: comparison of like venues; interviews with staff and community members, interview of referring partners and market benchmarks.

Costs for New Golf Operations



Hard Costs

Main Level 6,028 (sq. ft.)
 Basement Level 8,575 (sq. ft.)
 14,603 x \$250* = \$3,650,750
 x \$280* = \$4,088,840

Soft Costs (40%)

@\$250: \$3,650,750 x .4 = \$1,460,300
 @\$280: \$4,088,840 x .4 = \$1,635,536

Contingency (10%)

@\$250: \$5,111,050 x .1 = \$511,105
 @\$280: \$5,724,376 x .1 = \$572,437

Total Cost Range

\$5,622,155 - \$6,296,813

*Figure represents a blended rate. Rates range from \$160-\$180 per sq. ft. to construct basement.

(Basement Range \$1,372,000 – \$1,543,500)

Moving the Cart Barn Underneath Clubhouse

- Allows for recommended “build up” height.
- Provides for additional storage and placement of mechanical equipment without increasing the footprint and cost of the main level.
- Existing building is failing (Replacement costs for existing steel cart barn over 50 years is approx. \$200,000 plus charger equipment costs).
- Saves approximately \$16,000 per year in labor and tow bar rental costs.



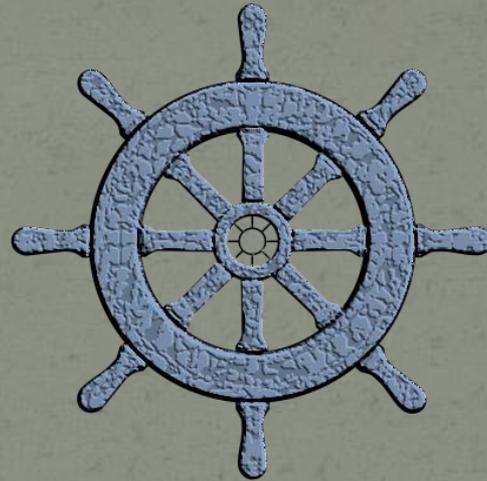
Area of Savings	Per Year
Labor Costs (Opening/Closing)	\$10,006
Tow Bar	\$5,904
Estimated Savings	\$15,910
Over 50 Years (with no increases)	\$795,500

Estimates provided by Director of Golf - NPBCC

The cost to build the golf
operations in the new
clubhouse can be fully
funded by golf revenue
with

NO TAXPAYER \$\$





RESTAURANT

ADDING IN THE BASICS

Fiscal Year	Revenue	Expense*	Net Loss
2012:	\$612,937	\$653,511	(\$40,574)
2013:	\$610,715	\$750,256	(\$139,541)
2014:	\$620,926	\$798,211	(\$177,284)
2015:	\$726,229	\$884,370	(\$158,142)



100% of restaurant losses are covered by golf revenue.

0% of restaurant losses are paid by taxpayers

* Includes all F&B Revenues/Expenses including banquet.

Age Group	Meal after Activity	Meal Alone
18-34:	33%	12%
35-44:	38%	26%
45-54:	26%	31%
55-64:	38%	37%
65-79:	38%	38%
80+:	22%	49%
Avg:	33%	32%

Most residents do not eat at the NPBCC restaurant with any frequency primarily because they don't care for the atmosphere and there are better alternatives in the area.

* 2016 Resident Survey Results

OPPORTUNITY FOR GROWTH

North Palm Beach Retail “Recapture” Opportunities for Restaurants

Retail Category	Demand	Supply	Opportunity
Full Service Restaurant	\$17,027,126	\$14,724,624	\$2,302,502
Limited Service Dining	\$11,126,133	\$6,159,251	\$4,966,882
Special Food Services	\$464,524	\$31,076	\$433,488
Drinking Places	\$1,574,977		\$1,574,977
Subtotal:	\$30,192,760	\$20,914,951	\$9,277,809



Market study includes: comparison of like venues; interviews with staff and community members, interview of referring partners and market benchmarks.

What the Market Study Revealed

Market will support:

- 20-25 bar seats (bar stools, high tops and drink rail)
- 60-75 grille seats (booths, banquettes, and tables/chairs)
- 40-50 covered outdoor seats
- As much *al fresco* dining as possible
- Increased Hours (7:00 a.m. – 11:00 p.m.)

RESTAURANT



In reviewing 13 regional and national brand restaurants, like Duffy's, Carrabba's and Bonefish Grill, the average unit sales was \$2.98 million.

The Palm Beach Par 3 had \$3.27 million in gross sales last year.



Market study includes: comparison of like venues; interviews with staff and community members, interview of referring partners and market benchmarks.

To Attract a Qualified Tenant

RESTAURANT



- Frontage on US 1 for signage and advertising
- Upgraded sense of arrival
- Capitalize on Nicklaus Brand with great views of golf
- Design image must support top dollar lease rate
- Impressive bar/grille atmosphere
- State-of-the-Art kitchen facilities
- Adequate storage



Market study includes: comparison of like venues; interviews with staff and community members, interview of referring partners and market benchmarks.

Projections for the Future



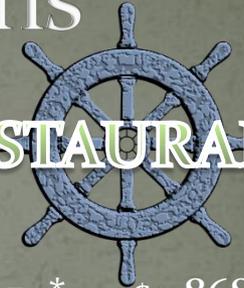
	FY 2015	Actual Sales Mix	Projected Sales	Projected Sales Mix
Food	\$289,609	53.8%	\$1,335,782	75%
Bar	\$248,806	46.2%	\$445,261	25%
Total	\$538,415	100%	\$1,781,042	100%

Lease Assumption		Net Income to Village
8%	Low Range	\$142,483
10%	Mid Range (Par 3 10.5%; Crandon Park 10 %)	\$178,104
12%	High Range	\$213,725



Market study includes: comparison of like venues; interviews with staff and community members, interview of referring partners and market benchmarks.

Costs for New Restaurant Operations



RESTAURANT

Hard Costs

Main Level

8,393 S.F.

Basement Level

3,080 S.F.

11,473 S.F. x \$250* = \$2,868,250

x \$280* = \$3,212,440

Soft Costs (40%)

@\$250 = \$2,868,280 x .4 = \$1,147,300

@\$280 = \$3,212,440 x .4 = \$1,284,976

Contingency (10%)

@\$250 = \$4,015,550 x .1 = \$401,555

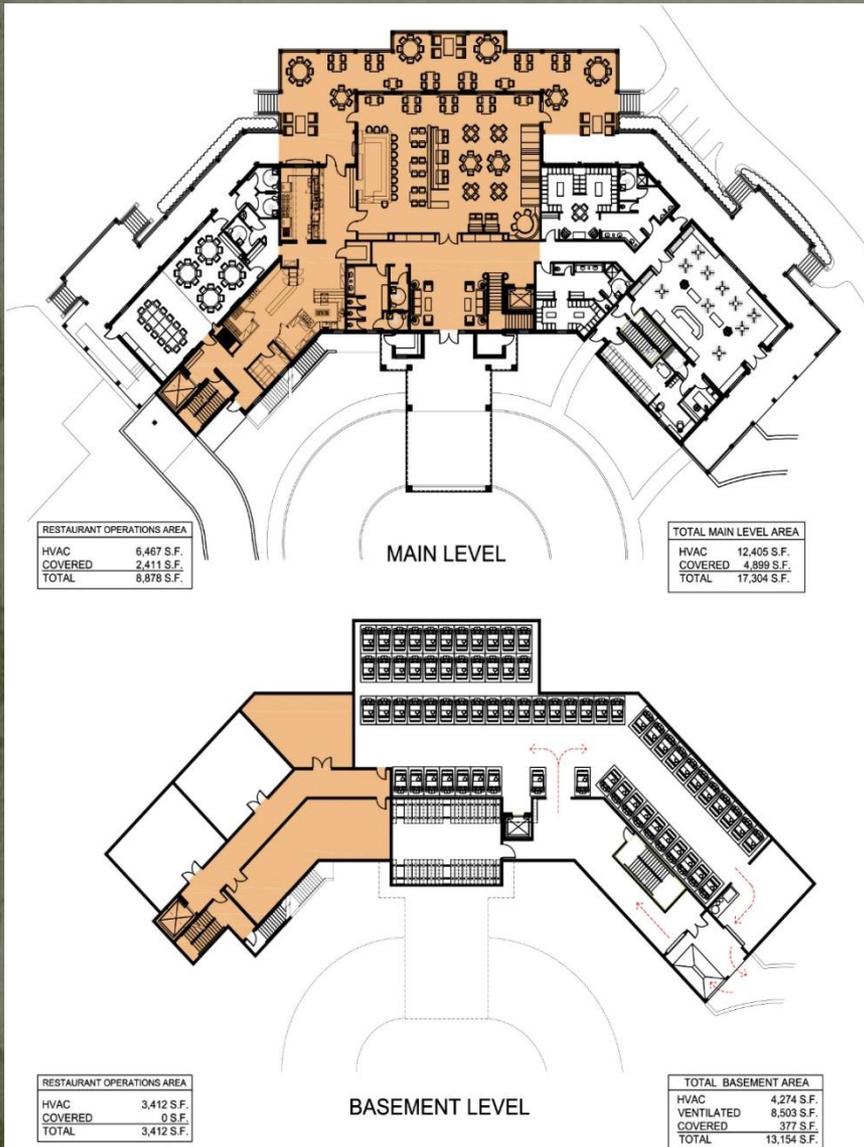
@280 = \$4,497,416 x .1 = \$449,742

Total Cost Range

\$4,417,105 - \$4,947,158

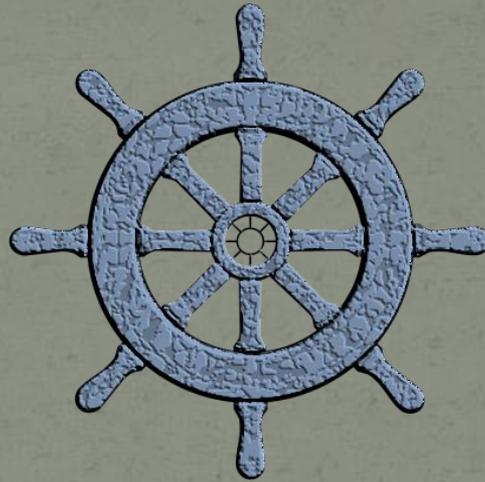
*Figure represents a blended rate. Rates range from \$160-\$180 per sq. ft. to construct basement.

(Basement Range \$492,800 – \$554,400)



We will not build the restaurant, until we have a lease agreement for the space.





BANQUET FACILITY

ADDING IN THE BASICS

Fiscal Year	Revenue*
2012:	\$194,685
2013:	\$177,008
2014:	\$183,329
2015:	\$176,639

*Expenses reflected in Restaurant Costs



BANQUET & MEETING ROOMS

Age Group	Special Event Attendance
18-34:	33%
35-44:	47%
45-54:	45%
55-64:	32%
65-79:	21%
80+:	18%
Avg:	32%



60% Consider a banquet facility for weddings, business meetings and special events important.

* 2016 Resident Survey Results

What the Market Study Revealed



- Market will support a 250 person capacity facility.
- Existing demand exceeds area capacity.
- Facilities enhance golf activities by allowing space for events.
- The 75th percentile of Banquet Revenue benchmarks for US **private** clubs is \$953,891 annually (with clientele limited to membership constraints).



Market study includes: comparison of like venues; interviews with staff and community members, interview of referring partners and market benchmarks.

To Attract a Qualified Tenant

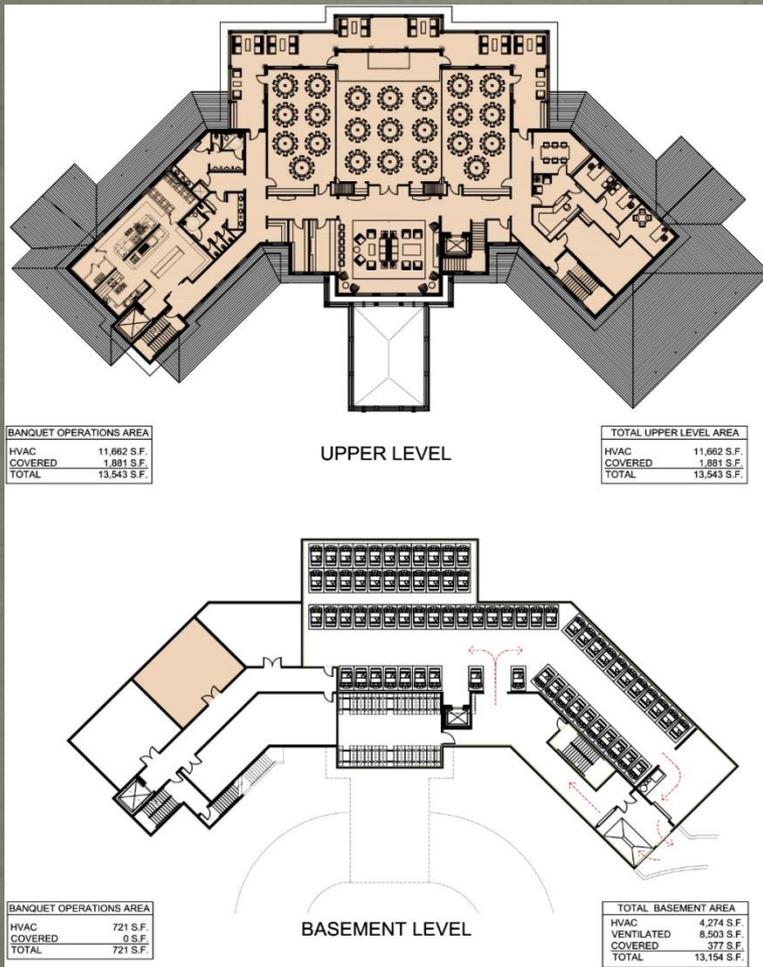


- Private space for events
- Space divides into multiple sized rooms
- Pre-function area (possibly with a bar)
- Adequate seating and a dance floor
- Upgraded sense of arrival
- Covered entry to allow for valet service
- Adequate parking
- Adequate storage for tables, chairs, equipment to enable multiple uses

	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	\$1,320,646	\$1,360,266	\$1,401,074	\$1,443,106	\$1,486,399
Lease 8%	\$105,652	\$108,821	\$112,086	\$115,448	\$118,912
Lease 10%	\$132,065	\$136,027	\$140,107	\$144,311	\$148,640
Lease 12%	\$158,478	\$163,232	\$168,129	\$173,173	\$178,368

Market study includes: comparison of like venues; interviews with staff and community members, interview of referring partners and market benchmarks.

Costs for Banquet Operations



Hard Costs

Upper Level 13,543 S.F.

Basement Level 721 S.F.

14,264 S.F. x \$250* = \$3,566,000

x \$280* = \$3,993,920

Soft Costs (40%)

@\$250 \$3,566,000 x .4 = \$1,426,400

@\$280 \$3,993,920 x .4 = \$1,597,568

Contingency (10%)

@\$250 \$4,992,400 x .1 = \$499,240

@\$270 \$5,591,488 x .1 = \$559,149

Total Cost Range

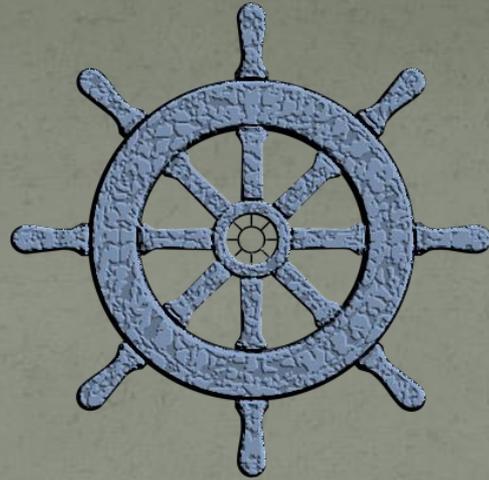
\$5,491,640 - \$6,150,637

*Figure represents a blended rate. Rates range from \$160-\$180 per sq. ft. to construct basement.

(Basement Range \$115,360 - \$129,780)

We will not build the
Banquet Facility, until
we have a lease
agreement for the space.





AQUATICS, FITNESS CENTER & MULTI-PURPOSE ROOM

VILLAGE AMMENITIES PAID FOR BY AD VALOREM TAXES AND FEES

Fiscal Year	Revenue	Expense	Net Loss
2012:	\$189,180	\$314,726	(\$125,546)
2013:	\$197,582	\$327,759	(\$130,177)
2014:	\$190,490	\$344,021	(\$153,530)
2015:	\$108,366	\$299,957	(\$121,592)



100% of the net loss is paid through tax dollars.

Age Group	Pool Utilization
18-34:	33%
35-44:	57%
45-54:	39%
55-64:	24%
65-79:	15%
80+:	9%
Avg:	28%



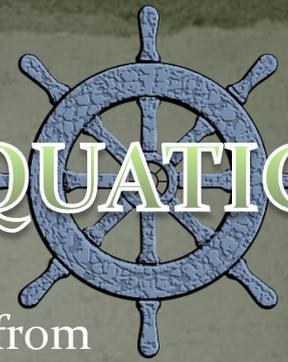
76%

Support a resurfaced pool deck and more shaded areas near the pool.

* 2016 Resident Survey Results

What the Market Study Revealed

AQUATICS



- Revenues dropped after a feature draw (diving tower) was removed from pool area.
- Over 55% of residents surveyed believe a splash park or kiddie pool is somewhat or very important.
- The splash pad offers the opportunity to broaden the market by offering attractions for children and young families.



Market study includes: comparison of like venues; interviews with staff and community members, interview of referring partners and market benchmarks.

Cost for Pool Revitalization



- 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 replace a water feature for children.

Current Estimates: \$200,00 for site work/landscaping
 \$400,000 for new splash park
 \$600,000 for new pool deck and shade structures
 \$1,200,000

Contingency (10%)

\$1,200,000 x .1 = \$ 120,000

Total Cost \$1,320,000



Public Requests for Amenities



82%

Think a casual restaurant near the pool and more formal dining inside is important.

* 2016 Resident Survey Results

Public Requests for Amenities



57% Support an exercise facility or gym at the Country Club.

* 2016 Resident Survey Results

Public Requests for Amenities

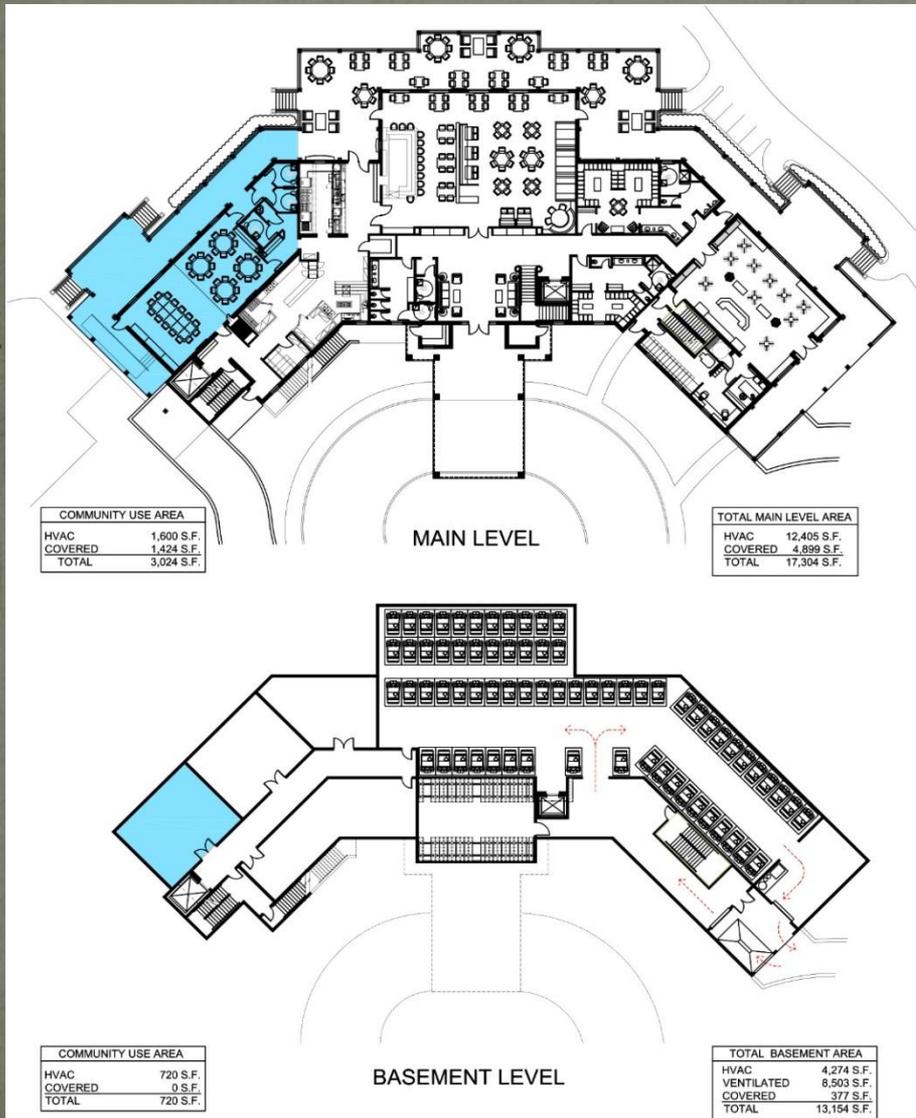


MULTI-
PURPOSE
ROOM(S)

63% Support multi-purpose rooms including a card room and birthday party room.

* 2016 Resident Survey Results

Costs for Amenities



COMMUNITY USE CLUBHOUSE

Hard Costs

Main Level 3,024 S.F.
 Basement Level 720 S.F.
 3,744 S.F. x 250 = \$ 936,000
 x 280 = \$1,048,320

Soft Costs (40%)

@ \$250 = \$ 936,000 x .4 = \$374,400
 @ \$280 = \$1,048,320 x .4 = \$419,328

Contingency (10%)

\$1,310,440 x .1 = \$131,040
 \$1,467,640 x .1 = \$146,764

Total Cost Range

\$1,441,440 - \$1,614,404

*Figure represents a blended rate. Rates range from \$160-\$180 per sq. ft. to construct basement.

(Basement Range \$115,200 - \$129,600)

Costs for Additional Requested Amenities

Hard Costs

$$7,048 \text{ S.F.} \times \$250 = \$1,762,000$$
$$\times \$280 = \$1,973,440$$

Soft Costs (40%)

$$@ \$250 = \$1,762,000 \times .4 = \$704,800$$
$$@ \$280 = \$1,973,440 \times .4 = \$789,360$$

Contingency (10%)

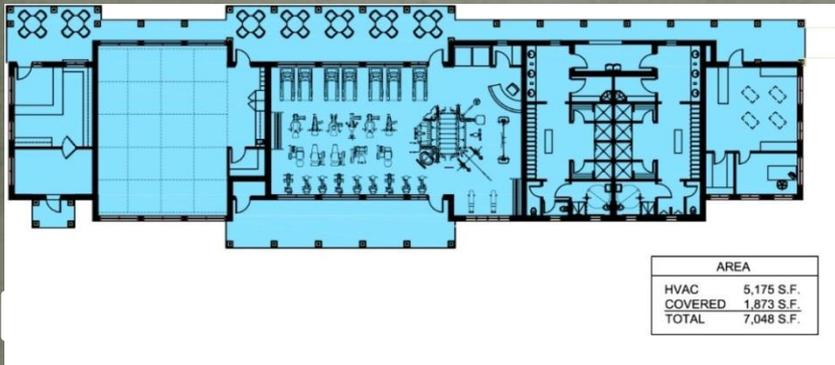
$$@ \$250 = \$2,466,800 \times .1 = \$246,680$$
$$@ \$280 = \$2,762,800 \times .1 = \$276,280$$

Sub Total Building Cost Range

\$2,713,480 - \$3,039,697

Aquatics Cost \$1,320,000

Total Range: \$4,033,480 - \$4,359,097



Cash Flow and Discounted Cash Flow Analysis

On the following slide 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

Cash Flow and Discounted Cash Flow Analysis

	Present Value of Future Cash Flow
Golf Income	\$17,509,579
Restaurant Lease Income (Assuming 10%)	\$4,530,562
Banquet Lease Income (Assuming 10%)	\$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 handout in packet



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
Residual Value at Year 20	\$20,054,836

SUMMARY OF TOTAL COSTS

Clubhouse (including Cart Storage)- Existing- 18,900 S.F.
(12,600 S.F. HVAC + 2,100 S.F. Covered + 4,200 S.F. Cart Barn)

Golf Operations (14,603 S.F.)	\$5,622,155 - \$6,296,813	(\$385 - \$432/ SQ. FT.)
Restaurant Operations (11,473 S.F.)	\$4,417,105 - \$4,947,158	(\$385 - \$432/ SQ. FT.)
Banquet Operations (14,264 S.F.)	\$5,491,640 - \$6,150,637	(\$385 - \$432/ SQ. FT.)
Community Use (CH) (3,744 S.F.)	\$1,441,440 - \$1,614,404	(\$385 - \$432/ SQ. FT.)
	<u>\$16,972,340 - \$19,009,012</u>	<u>(\$385 - \$432/ SQ. FT.)</u>

Temporary Facilities	\$400,000	} \$1,200,000
Demolition	\$200,000	
Sitework	\$600,000	

Total Costs Range: \$18,172,340 - \$20,209,012 (\$412 - \$458/ SQ. FT.)

Note: Costs are based on the 2014 (Fifth Edition) of the Florida Building Code and will vary based on the sequence of construction, quality of finishes and FFA selected and the size of buildings selected.

SUMMARY OF TOTAL COSTS

New Swim/ Fitness/ Snack Bar Building

Pool Level (7,048 S.F.) \$2,713,480 - \$3,039,697

Other Costs

Sitework / Landscaping \$200,000

Splash Park \$400,000

Pool Deck Replacement/Repairs \$600,000

\$1,200,000

Contingency (10%)

\$1,200,000 X .1 = \$120,000

\$1,320,000

Total Costs Range for Aquatics and Building: \$4,033,480 - \$4,359,697

Note: This building could be built as Phase I to defray the cost of temporary facilities.

CLUBHOUSE	YEAR BUILT	SQ. FT.			OVERALL COSTS	TOTAL COSTS/S.F.
		HVAC	COVERED	VENT		
Lost Tree Club • Clubhouse • Fitness Center	2012	65,000	sq. ft. total	\$21 M	\$323	
	2013	14,300	sq. ft. total	\$5 M	\$349	
Delray Dunes • Clubhouse • Fitness Center	2012	20,000	sq. ft. total	\$8 M	\$307	
	2012	6,000	sq. ft. total			
Quail Ridge • Clubhouse • Fitness Center	Sept 17	49,325	sq. ft. total	\$20.5 M	\$415	
	Sept 17	13,114	sq. ft. total	\$1.5 M	\$114	
Palm Beach Par 3 • Clubhouse	2014	6,650	sq. ft. total	\$3.2 M	\$481	
North Palm Beach CC • Clubhouse • Pool Building	May 17	44,000	sq. ft. total	\$1.8 - \$20 M	\$415-\$458	
	May 17	7,000	sq. ft. total	\$3M	\$428	