

CITY OF DELRAY BEACH

GOLF COURSE REDEVELOPMENT WORKSHOP PRESENTATION

RFP NO/ 2022-053



FEBRUARY 7, 2023

www.delraybeachgolfcourseredevelopment.com



DEVELOPMENT TEAM OVERVIEW

Proposer	Golf Architect	Clubhouse Architect	Private/ Multifamily Architect	Engineering Firm (s)	Construction Manager	Operator (s)
Bobby Jones Links/ Mill Creek	Rees Jones	Kuo Diedrich Chi Design Associates, Inc. (interiors) Oakhurst (signage)	Dorsky & Yue International (multifamily) & AGT Land (landscape)	Winningham & Fradley (civil) JMD (traffic)	Self-Managed / MCRT Florida Construction, LLC	Bobby Jones Links (clubhouse, parking lot, maintenance)
CGHP Developments & Hensel Phelps	Erik Larson Beth Daniel (pro consultant)	CSAA	EDSA (master planning, landscape) Leo Daly (multifamily, hotel)	Keith (civil) AEI (environmental) Jacobs (water supply)	Hensel Phelps / Kast	Morningstar / Green Group / DKCG
E2L Real Estate Solutions	Richard Mandel	Baker Barrios Architects	Baker Barrios	Kimley-Horn (civil) Miller Legg (environmental)	Hedrick Brothers Construction	Troon Golf / Belmont Villages Senior Living / Meyer Jabara Hotels
Heatherwood Luxury Rentals	Tyler Rae	EDI	EDI	Kimley-Horn	Suffolk Construction	Heatherwood
Related Group	Nicklaus Design	IBI Group	IBI Group	Examples provided	Examples provided	TRG Management Company, LLP
T-36 Golf Holdings, LLC / Inovalis	Ric Buckton and Dr. Bradley Klein	Spina O'Rourke + Partners	Spina O'Rourke + Partners	Urban Design Studio (land plan)	Turner Construction	Roy McKinnon / Newport Hospitality Group / BH Management Services / LAZ Parking



GOLF COURSE PROPOSAL OVERVIEW

Proposer	Golf Management Company / Term	Course Design	Clubhouse	Practice Areas	Green Fees	Treatment of Donald Ross 9-holes	Capital Reserve (for golf maintenance)
Bobby Jones Links/ Mill Creek	Bobby Jones Links / 30 years	18-hole Championship Par 70 6,700 yards	Renovate existing 15,000 SF	High Tech Top Tracer covered driving range	\$35 - \$150	Restored	3% of golf revenue years 1 – 5, 4% thereafter
CGHP Developments & Hensel Phelps	Morningstar / 30 years	18-hole Championship Par and yardage not provided	New placement near Atlantic Ave 8,790 SF	High Tech Top Golf Swing Suites Lit and covered hitting stations/ practice target greens	\$50 - \$175 (plus market adjustment for construction timeframe)	Restored *endorsed by the Donald Ross Foundation	5% of golf revenue (approximate average of \$200,000 / year)
E2L Real Estate Solutions	Troon / 20 years + 2 five-year options	19-hole 9-hole regulation, 10-hole, Par 3 +/- 1,600 – 1,700 yards	New placement proximate to existing 4,905 SF	High Tech Top Tracer driving range / Himalayas Putting Green / Short game area	\$15 - \$45	Restored	4% of golf revenue
Heatherwood Luxury Rentals	Heatherwood / 39 years with 2 thirty-year options	18-hole Championship Par and yardage not provided	Renovate existing 15,000 SF	Not provided	\$47.50 - \$67.50	Restored	\$16,000 years 1 – 6, \$50,000 years 7 onward including 2% increase annually
Related Group	City or outsourced via RFP / not provided	18-hole Championship Par 72 7,160 yards	New 25,000 SF (includes restaurant)	High Tech driving range / short game area	\$27 residents \$87 non-residents *average across seasons / days of the week	7/9 holes restored	4% - 6% of golf revenue; 6% used in Pro-Forma analysis
T-36 Golf Holdings, LLC / Inovalis	Landscapes Unlimited / 50 years with 25-year renewal option	T-36 concept with 18 fairways and 27 holes Par 69 6,200 yards	Renovate existing 15,000 SF	Top Tracer driving range with extensive short game area	\$19 - \$44	Restored	5% of golf revenue



MULTIFAMILY AND COMMERCIAL USE PROPOSAL OVERVIEW

Proposer	Multifamily – Total Units	Multifamily – Mixed Income Units	Hotel	Office	Retail	Public / Private acreage
Bobby Jones Links/ Mill Creek	650 units	130 workforce units (20%) 120% AMI	N/A	N/A	8,000 SF retail / restaurant	Private: 10 acres Public: 138.52 acres
CGHP Developments & Hensel Phelps	312 units	Mixed income units TBD % AMI range from 80% - 140%; negotiate to achieve the City's required < 120%	128 keys Springhill by Marriott	N/A	1,420 SF retail, 3,630 SF restaurant	Private: zero (master lease) Non-golf: 10.9 acres Public: 148.52 acres
E2L Real Estate Solutions	600 units + 158 units senior living	60 workforce units (10%) % AMI: 60 – 80, 80 – 100, 100 – 120	128 keys Marriott Residence Inn	9,000 SF	26,000 SF retail	Private: 30.01 acres Public: 118.51 acres
Heatherwood Luxury Rentals	360 units	36 workforce units (10%) Up to 120% AMI	N/A	N/A	13,840 SF entertainment center, 7,000 SF restaurant	Private: 10 acres Public: 138.52 acres
Related Group	444 units + 24 villas	90 workforce units (20%) 120% AMI	N/A	N/A	5,000 SF upscale dining (included in clubhouse)	Private: 7 acres Public 141.52 acres
T-36 Golf Holdings, LLC / Inovalis	120 units	24 workforce units (20%) 120% AMI	120 keys Sports Illustrated Resort	N/A	63,300 SF retail	Private: 15 acres Public: 133.52 acres



COMMUNITY BENEFITS

Bobby Jones Links / Mill Creek	CGHP Developments & Hensel Phelps	E2L Real Estate Solutions	Heatherwood Luxury Rentals	Related Group	T-36 Golf Holdings, LLC / Inovalis
<ul style="list-style-type: none"> • Estimated 500+ new temporary and permanent jobs • Junior camps/programs • Junior, beginner, minority, high school and disabled golfer instruction and tournament programs • Clubhouse will serve as an events venue and community meeting space • PGA America’s “Play Golf America” initiatives (e.g., Patriot Day, Family Golf Month) • Workforce housing 	<ul style="list-style-type: none"> • Estimated 1,086 new jobs • New walking/biking trail with full access to non-golfers • Supplier and workforce diversity • After school golf programs for high school and college students • Clubhouse will serve as an events and community venue • Entertainment Center • Walking and biking trails • Mixed income housing 	<ul style="list-style-type: none"> • Estimated 500 new temporary jobs and 150 permanent • Local contracting • Clubhouse will serve as an events venue and community meeting space • Player development academy and junior golf programs • Civic and school outreach to educate on golf technology and programs • Public walking paths • Detailed community engagement and relations plan; including user group participation • Golf-related fundraisers (e.g., First Tee, Wounded Warrior) • Workforce and senior housing • Habitat for Humanity partnership 	<ul style="list-style-type: none"> • Estimated 630 to 730 new direct, indirect and induced jobs annually • Range of \$111 million to \$113 million annually in overall economic output (IMPLAN 2022) during construction period • Clubhouse will serve as events venue • City Resident tee time priority days • City resident incentive for junior/student and senior play • Guaranteed City resident/community league and instruction time • Cross promotion of local businesses/City events and programs • Public access program for recreation and entertainment • Pedestrian / bicycle connection “Preferred Bike Route Destinations Map” 	<ul style="list-style-type: none"> • Job creation estimates not provided • Inclusion in hiring practices and business conduct • Clubhouse will serve as community and event venue • Electric car chargers • Workforce housing 	<ul style="list-style-type: none"> • Estimated 1,250+ jobs • Annual event for minority youth golfers • Clubhouse will serve as an events venue and community meeting space • Amphitheatre • Splash pad for children • Educational partnerships / alliances for hospitality services • Cart paths serve as walking trails before and after course hours • Pickleball courts • Loyalty and community discount plans



FINANCIAL ANALYSIS SUMMARY

Proposer	Bobby Jones Links / Mill Creek	CGHP Developments & Hensel Phelps	E2L Real Estate Solutions	Heatherwood Luxury Rentals	Related Group	T36 Investment Holdings / Inovalis
Golf (Holes)	18 Holes	18 Holes	9 Holes	18 Holes	18 Holes	27 Holes
Hotel (Keys)	N/A	128 Keys	128 Keys	N/A	N/A	120 Keys
Rental Apartments (Units)	650 Units	312 Units	600 Units	360 Units	444 Units	120 Units
Senior Living (Units)	N/A	N/A	158 Units	N/A	N/A	N/A
Villas (Units)	N/A	N/A	N/A	N/A	24 Units	N/A
Retail/Restaurant (RSF)	8,000 SF	5,050 SF	26,000 SF	N/A	N/A	N/A
Flex Office (RSF)	N/A	N/A	9,000 SF	N/A	N/A	N/A
Proposed Ground Lease (If Applicable)	30 Years	30 Years	N/A	N/A	N/A	50 Years + 25 Year Renewal
Proposed Management Agreement (If Applicable)	N/A	N/A	20 Years (two, 5-Year Options)	39 Year (Two, 30-Year Options)	N/A	N/A

Capital Budget						
Public Improvements	\$23,871,338	\$33,436,250	\$29,788,480	\$21,588,258	\$19,800,000	\$26,711,250
Private Improvements	\$296,126,000	\$140,075,750	\$399,876,053	\$145,685,509	\$169,430,000	\$169,356,500
Total	\$319,997,338	\$173,512,000	\$429,664,533	\$167,273,767	\$189,230,000	\$196,067,750
Additional Funding Required by City	\$0	\$0	\$0	\$0	\$0	\$0
Initial Equity Requirement (City)	\$0	\$0	\$0	\$0	\$0	\$0

Financial Benefit to City Overview						
Annual Golf Operations Revenue	\$235,666	\$188,800	\$930,476	\$228,651	\$1,016,152	\$258,000
Annual Growth Rate (Once Stabilized)	(Per Pro-Forma, 1.15% in Yr 11)	N/A	Per Pro-Forma	(Per Pro-Forma, 1.15% in Yr 6)	3% Yr 1-30, 1.5% Yrs 31+	5.00%
Ground Rent Revenue	N/A	\$9,363,016	N/A	N/A	N/A	N/A
Annual Growth Rate (Once Stabilized)	N/A	N/A	N/A	N/A	N/A	N/A
Annual Property Tax Revenue	\$1,947,239	\$960,291	\$2,639,991	\$2,000,000	\$854,366	\$1,685,000
Annual Growth Rate (Once Stabilized)	2.00%	Per Pro-Forma	2.00%	2.00%	Per Pro-Forma (2% in Year 30+)	2.00%
Proposed Annual Debt Service	N/A	-\$9,543,160	N/A	N/A	N/A	N/A

FINANCIAL BENEFIT TO CITY NPV @ 5.00% [99 Years]

Net Present Value	\$82,701,678	\$69,230,209	\$99,210,230	\$72,482,200	\$74,318,313	\$65,267,046
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FINANCIAL BENEFIT TO CITY TOTAL (NON-DISCOUNTED - 10 YEARS)

Total Proceeds	\$40,538,774	\$13,315,962	\$39,219,031	\$24,439,023	\$26,643,918	\$21,695,376
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FINANCIAL BENEFIT TO CITY TOTAL (NON-DISCOUNTED - 30 YEARS)

Total Proceeds	\$108,587,011	\$83,182,177	\$149,888,057	\$91,482,141	\$94,193,661	\$85,498,436
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DEVELOPMENT OVERVIEW - Bobby Jones Links / Mill Creek

Development Component (s): 18-hole golf course, 650 total residential units, including 130 workforce housing units

Ownership Type: Fee simple for 10 acres, 30-year lease for golf operations

Amount proffered: \$40 M

Public improvement: (\$23.8 M)

Remaining balance to the City: \$16 M

Annual golf revenue (stabilized): \$235k

Annual tax revenue (stabilized): \$1.9 M

Total annual (stabilized) revenue to the City: \$2.2 M

Proposal Highlights:

- Renowned golf architect in Rees Jones
- Mill Creek is the 3rd largest multifamily developer in the country
- Only proposer headquartered in Palm Beach County
- Jones University Service Training (J.U.S.T.) developed with Ritz-Carlton and Chick-Fil-A companies
- Expansive patio overlooking the 18th green

Considerations:

- Average revenue per round may be high
- Maintenance budget may be too low
- Low price per square foot for clubhouse renovations



DEVELOPMENT OVERVIEW - CGHP Developments & Hensel Phelps

Development Component (s): 18-hole golf course, 128 hotel keys, 312 residential units, including mixed income TBD
Ownership Type: 30-year Master Lease

Public improvement: \$33.4 M

Annual debt service payment: (\$9.5 M)

Annual ground rent revenue: \$9.3 M

Annual revenue share (including golf):
\$189k

Annual tax revenue (stabilized):
\$960k

**Total annual (stabilized) revenue to
the City: \$960k**

***Ground rent, revenue share and debt
service are presented as a 'net zero'
outlay to the City to essentially
finance the public improvements
resulting in the revenue to the City
being tax revenue.**

Proposal Highlights:

- Endorsed by the Donald Ross Foundation
- Extensive vision of a parkland golf course
- High visibility new clubhouse and high-tech range bays close to Atlantic Ave
- Extensive indoor / outdoor dining
- Strong labor plan
- Highest dollar value attributed to well and raw water line replacement of all bidders
- Currie Sowards Aguila, experienced local Delray Beach architect

Considerations:

- Detailed vision of the golf course physical space by lacking detail (e.g., scorecard, hole layouts, yardage, etc.)
- Capital Group P3 and Hensel Phelps Joint Venture working history unknown, newly formed entity
- Clubhouse, hotel and multifamily share an entrance
- At the end of 30-year master lease the City has 3 options: 1) retain ownership of the improvements, 2) refinance the improvements and 3) sell some or all of the improvements to the development team at market rates



DEVELOPMENT OVERVIEW - E2L Real Estate Solutions, LLC

Development Component (s): 19-hole “Executive” golf course, 128 hotel keys, 600 residential units, including 60 workforce units plus 158 senior living units, 26,000 SF retail, 9,000 SF ‘flex’ office

Ownership Type: Fee simple for 30.01 acres, 20-year lease with two 5-year options for golf operations

Public improvement: \$29.8 M

Annual golf revenue (stabilized): \$930k

Annual tax revenue (stabilized): \$2.6 M

Total annual (stabilized) revenue to the City: \$3.5 M

Proposal Highlights:

- Unique blend of golf with wide variety offerings
- Extensive practice amenities with “golf playground”
- Clubhouse features attached hitting bays
- Troon is a top operator with extensive municipal experience
- Attractive (low) green fees; golf can be played for as little as \$15
- Renaming golf course entry from Atlantic Ave using “Donald Ross Drive”
- Senior living and partnership with Habitat for Humanity

Considerations:

- Largest proposed acreage for fee simple sale
- Clubhouse has smaller square footage than current by approximately 10,000 SF
- Majority of revenue derived from sources other than green and cart fees



DEVELOPMENT OVERVIEW - Heatherwood Luxury Rentals

Development Component (s): 18-hole golf course, 360 total residential units, including 36 workforce units

Ownership Type: Fee simple for 10 acres for private development, 39-year operations and maintenance agreement with 2 thirty-year extensions for golf operations

Public improvement: \$21.6 M

Annual golf revenue
(stabilized): \$229k

Annual tax revenue
(stabilized): \$2 M

→ Total annual (stabilized)
revenue to the City: \$2.2 M

Proposal Highlights:

- Experienced golf and multifamily developer / operator (60 years)
- Long term owner; has never sold an owned and managed property
- Architect, Tyler Rae, extensive experience renovating / restoring Donald Ross designs

Considerations:

- New to FL market
- Lacking information on 'grow the game' initiatives, projections for rounds played
- Demonstrated experience in golf / club operations but lacking detail specific to Delray Beach
- Long winding entrance drive to clubhouse off of Atlantic Ave



DEVELOPMENT OVERVIEW - Related Group

Development Component (s): 18-hole golf course, 444 residential units, including 90 workforce units plus 24 villas

Ownership Type: Fee simple for +/- 7 acres, golf operations TBD (RFP or City operated)

Amount proffered: \$25 M

Public improvement: (\$19.8 M)

Remaining balance to the City: \$5.2 M

Annual golf revenue (stabilized): \$1 M

Annual tax revenue (stabilized): \$854k

Total annual (stabilized) revenue to the City: \$1.9 M

Proposal Highlights:

- Renowned golf architect in Nicklaus Design
- Clubhouse architect, IBI Group, experienced Palm Beach architect
- 25,000 SF clubhouse is largest proposed with covered verandas overlooking the course
- Major upgrade in presence on Atlantic Ave
- True championship course layout; longest proposed yardage

Considerations:

- 7 / 9 Donald Ross holes preserved
- South FL developer with extensive experience
- Low price per square foot for clubhouse renovations
- Lacking information regarding golf management team; City-managed or RFP to select



DEVELOPMENT OVERVIEW - T-36 Golf Holdings, LLC / Inovalis

Development Component (s): 27-hole golf course, 120 hotel keys, 120 residential units, including 24 workforce units, 3 retail buildings at 63,000 SF, 2 outparcels + garage with rooftop restaurant/bar

Ownership Type: 50-year ground lease with 25-year renewal option

Public improvement: \$26.7 M

Annual Ground Rent: \$1 / year

Annual golf revenue (stabilized): \$258k

Annual tax revenue (stabilized): \$1.7 M

→ Total annual (stabilized) revenue to the City: \$1.9 M

Proposal Highlights:

- Unique and untraditional golf course
- Non-golf uses include green market, amphitheater, splash pad for children, rooftop bar, pickleball, walking trails
- Clubhouse architect, Spina O'Rourke, experienced Palm Beach County architect
- Landscape Unlimited is a well-known and successful golf course operator
- Design lends itself to reduced water consumption vs traditional 18-hole courses
- Annual event for minority youth golfers
- Sports Illustrated Resort hotel flag

Considerations:

- Lacking information regarding specific golf operations plan (programming, junior golf, etc.)
- Lacking budget breakdown between project components
- T-36 concept is new and not tested with only one course under construction in another state
- Lacking information regarding sources and percentages of debt and equity



SCHEDULE OVERVIEW

	Bobby Jones Links / Mill Creek	CGHP Developments & Hensel Phelps	E2L Real Estate Solutions	Heatherwood Luxury Rentals	Related Group	T-36 Golf Holdings, LLC / Inovalis
Golf Course	10 months (1/24 – 10/24)	14 months (6/24 – 7/25)	12 – 13 months (12/23 – 1/24)	14 months (2/25 – 4/26)	26 months (7/24 – 8/26)	12 months (8/23 – 10/24)
Multifamily / Commercial	51 months (3/24 – 6/28)	18 months (1/25 – 6/26)	19 – 25 months (12/23 – 6/25)	25 months (2/25 – 3/27)	26 months (7/24 – 8/26)	24 months
Total – all uses	68 months	42 months	31 – 36 months	51 months	44 – 46 months	33 months
Comment	Conservative	Realistic	Aggressive	Conservative	Realistic	Aggressive

* City staff reviewed the schedule and concurs with the analysis.



FIRM FINANCIAL INFORMATION (NON-CONFIDENTIAL)

Proposer	% Debt / Equity	Equity Partner (s)	Lender (s)	Financial firm Letter of interest / commitment to fund	Reference Letters
Bobby Jones Links / Mill Creek	60 / 40	Numerous past partners provided 92.50% of equity from partner, 7.50% from MCR cash	Numerous past partners provided	Provided from Arizona State Retirement System, PNC Bank, Cross Harbor and Truist	Not provided
CGHP Developments & Hensel Phelps	0 / 100 *funded by City – paid via Master Lease payment	U.S. Mortgage Community Investment Group	Not applicable	Provided by U.S. Mortgage Investment Group	Not provided for CGHP given new JV partnership
E2L Real Estate Solutions	30 / 70	Avalon Bay Communities Belmont Village Senior Living	None required for public improvements; not provided for private improvements	Provided by Avalon Bay, Belmont Village Senior Living	City of Boynton Beach
Heatherwood Luxury Rentals	Range provided: 60 - 75 / 25-50	Company's sole principal and owner, Douglas Patrick	Bank references provided	Walker & Dunlop, BankUnited, UBS Financial Services	Towns of Brookhaven, Oyster Bay and Hempstead provided
Related Group	64.4 / 35.6	Balance sheet allows for 100% of equity, but reserves right to partner	Numerous past partners provided	Wells Fargo	City of Miramar
T-36 Golf Holdings, LLC / Inovalis	75 – 70 / 25 - 30	Not provided	Not provided	Not provided	Not provided



FINAL EVALUATION COMMITTEE SCORE AND RANKING

PROPOSER	SCORE	RANK
CGHP Developments & Hensel Phelps	259	1
Bobby Jones Links / Mill Creek	255	2
Related Group	238	3
E2L Real Estate Solutions	237	4
T-36 Golf Holdings, LLC / Inovalis	237	5
Heatherwood Luxury Rentals	218	6



TIMELINE AND NEXT STEPS



DEVELOPMENT REVIEW SUMMARY

