

CITY OF DELRAY BEACH

GOLF COURSE REDEVELOPMENT WORKSHOP PRESENTATION

RFP NO/ 2022-053

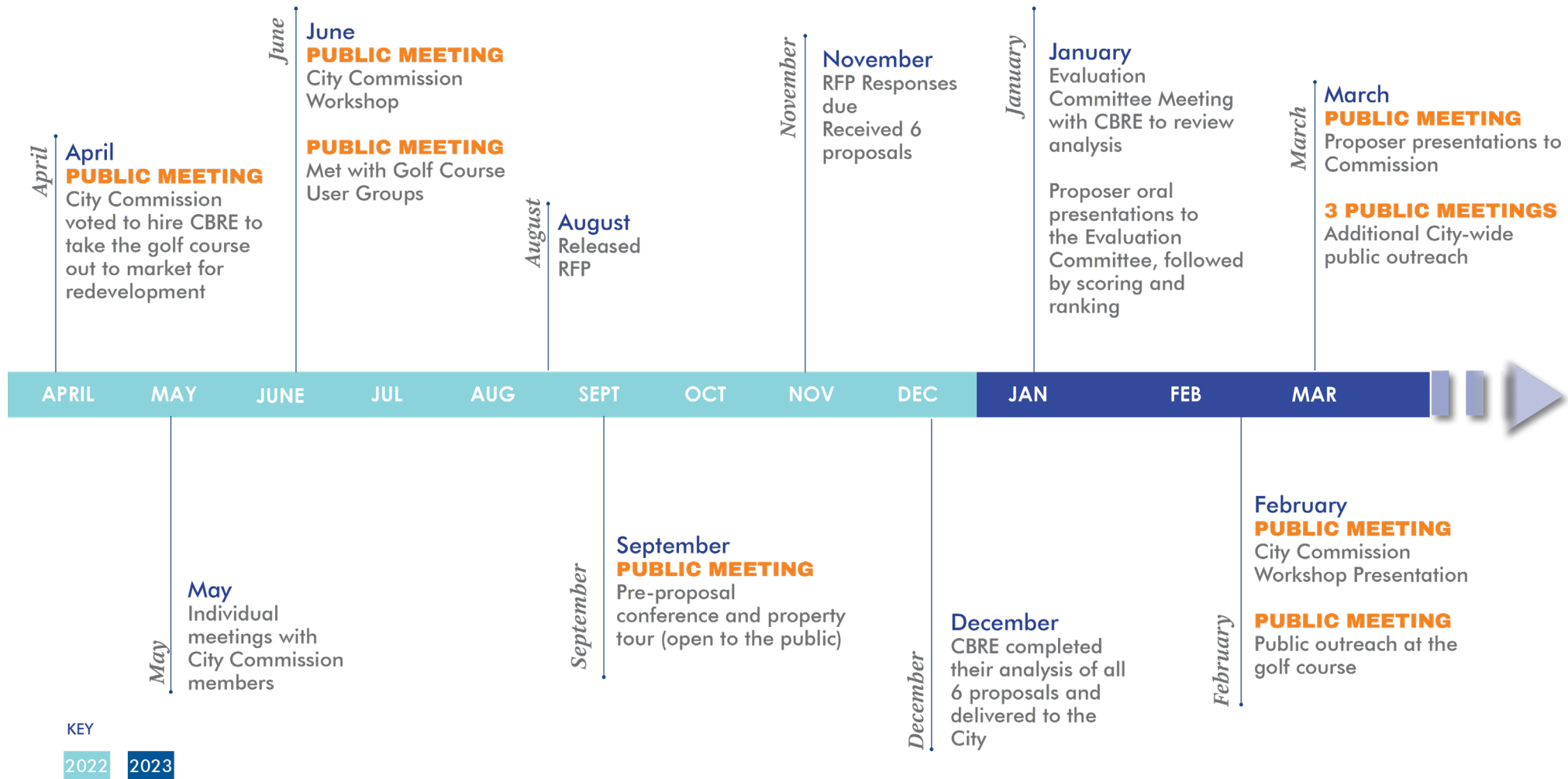


MARCH 28, 2023

www.delraybeachgolfcourseredevelopment.com



COMMUNITY OUTREACH – 10 OPPORTUNITIES FOR PUBLIC PARTICIPATION



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
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



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)
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



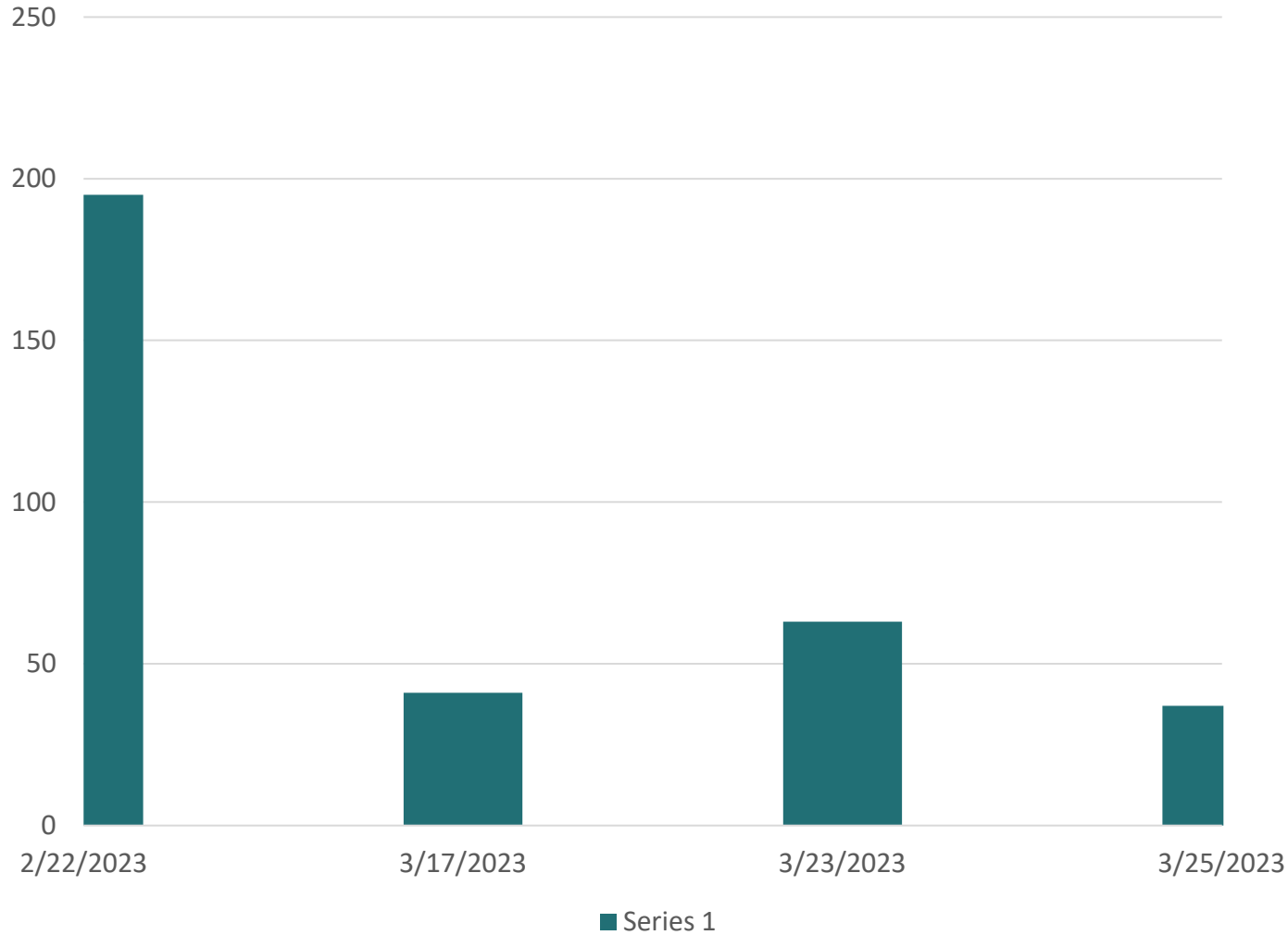
MULTIFAMILY AND COMMERCIAL USE PROPOSAL OVERVIEW

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
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



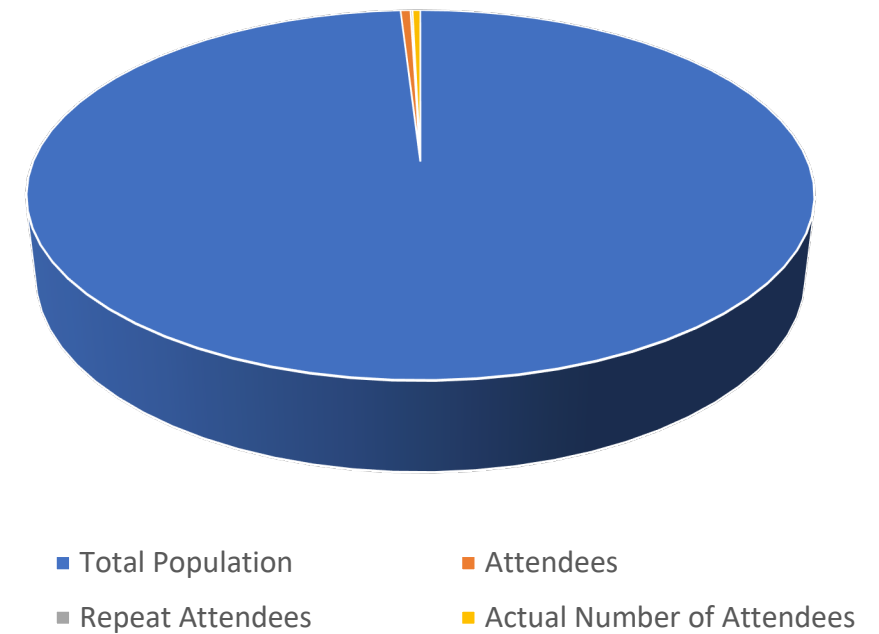
COMMUNITY OUTREACH – BY THE NUMBERS

Public Attendance Stats



Delray Beach population = 68,742
 Total outreach attendees = 336
 Repeat Attendees = 71
 Number of individual attendees = 265
 Attendee participation of total population = 0.39%

Population



COMMUNITY OUTREACH – SUMMARY OF PUBLIC MEETINGS

- **Sharing**

- Overview of six proposals received were presented in public at Commission Workshop on 2/7/23
- Each of the four short-listed developers presented to City Commission on 3/2/23
- Proposer presentations provided in hard copy at all four public outreach meetings
- Proposer presentations and CBRE analysis provided at <https://www.delraybeachfl.gov/government/city-departments/municipal-golf-course-redevelopment>
- Hard copies of remaining four proposer overviews were made available at each of the three public meetings

- **Listening**

- Community outreach meeting held at the start of the project at the golf course 6/22
- Overview of the four short-listed proposals presented at public outreach meeting on 2/22; then participant feedback
- Three additional outreach meetings held to solicit feedback
- Online survey
- Hard copy surveys at each outreach meeting

- **Traffic**

- The largest and most frequently expressed concern
- There was reference to a traffic study that is currently underway for a large section of Atlantic Avenue. Residents were interested in the impacts of the study prior to supporting the creation of additional traffic

- **Green Space**

- Several residents were opposed to any diminution of green space in the City

- **Communication**

- Many residents expressed concern that they weren't properly informed or provided opportunity to give feedback until the most recent 3 community outreach meetings
- Many residents appreciated the opportunity to provide feedback in the most recent meetings

- **A 'fifth' option**

- Requests for the City to consider self-funding course improvements in lieu of the 4 proposals

- **Concern regarding a hotel across from the high school**

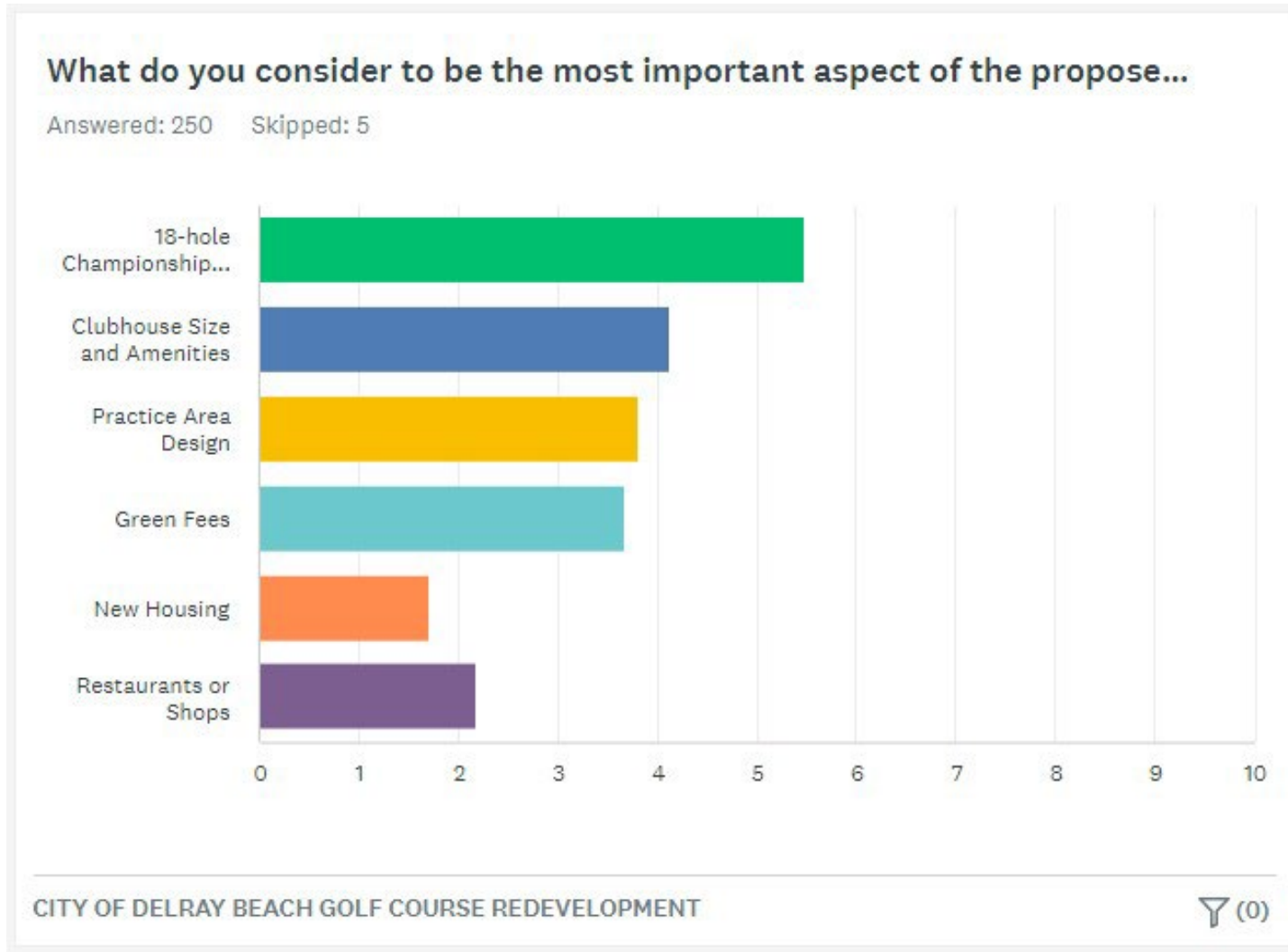
- **Safety of a walk / biking trail**

- **Finance**

- There were several questions regarding the current finances of the golf course and other city facilities
- General fund contribution to fund golf course deficient was explained



WHAT WE HEARD (from public meetings, written & electronic surveys)



“What do you consider to be the most important aspect of the proposed golf course redevelopment? From 1 to 6, 1 being the most important.”

1. 18 Hole Championship Course
2. Clubhouse Size and Amenities
3. Practice Area Design
4. Greens Fees
5. Restaurants or Shops
6. New Housing

COMMUNITY BENEFITS

Bobby Jones Links / Mill Creek	CGHP Developments & Hensel Phelps	Heatherwood Luxury Rentals	Related Group
<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 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



FINANCIAL ANALYSIS SUMMARY

Proposer	Bobby Jones Links / Mill Creek	CGHP Developments & Hensel Phelps	Heatherwood Luxury Rentals	Related Group
Golf (Holes)	18 Holes	18 Holes	18 Holes	18 Holes
Hotel (Keys)	N/A	128 Keys	N/A	N/A
Rental Apartments (Units)	650 Units	312 Units	360 Units	444 Units
Senior Living (Units)	N/A	N/A	N/A	N/A
Villas (Units)	N/A	N/A	N/A	24 Units
Retail/Restaurant (RSF)	8,000 SF	5,050 SF	N/A	N/A
Flex Office (RSF)	N/A	N/A	N/A	N/A
Proposed Ground Lease (If Applicable)	30 Years	30 Years	N/A	N/A
Proposed Management Agreement (If Applicable)	N/A	N/A	39 Year (Two, 30-Year Options)	N/A
Capital Budget				
Golf Improvements	\$23,871,338	\$33,436,250	\$21,588,258	\$19,800,000
Private Improvements	<u>\$296,126,000</u>	<u>\$140,075,750</u>	<u>\$145,685,509</u>	<u>\$169,430,000</u>
Total	\$319,997,338	\$173,512,000	\$167,273,767	\$189,230,000
Additional Funding Required by City	\$0	\$0	\$0	\$0
Initial Equity Requirement (City)	\$0	\$0	\$0	\$0
Financial Benefit to City Overview				
Annual Golf Operations Revenue	\$235,666	\$188,800	\$228,651	\$1,016,152
Annual Growth Rate (Once Stabilized)	(Per Pro-Forma, 1.15% in Yr 11)	N/A	(Per Pro-Forma, 1.15% in Yr 6)	3% Yr 1-30, 1.5% Yrs 31+
Ground Rent Revenue	N/A	\$9,363,016	N/A	N/A
Annual Growth Rate (Once Stabilized)	N/A	N/A	N/A	N/A
Annual Property Tax Revenue	\$1,947,239	\$960,291	\$2,000,000	\$854,366
Annual Growth Rate (Once Stabilized)	2.00%	Per Pro-Forma	2.00%	Per Pro-Forma (2% in Year 30+)
Proposed Annual Debt Service	N/A	-\$9,543,160	N/A	N/A
FINANCIAL BENEFIT TO CITY NPV @ 5.00% [99 Years]				
Net Present Value	\$82,701,678	\$69,230,209	\$72,482,200	\$74,318,313
FINANCIAL BENEFIT TO CITY TOTAL (NON-DISCOUNTED - 10 YEARS)				
Total Proceeds	\$40,538,774	\$13,315,962	\$24,439,023	\$26,643,918
FINANCIAL BENEFIT TO CITY TOTAL (NON-DISCOUNTED - 30 YEARS)				
Total Proceeds	\$108,587,011	\$83,182,177	\$91,482,141	\$94,193,661



SCHEDULE OVERVIEW

	Bobby Jones Links / Mill Creek	CGHP Developments & Hensel Phelps	Heatherwood Luxury Rentals	Related Group
Golf Course	10 months (1/24 – 10/24)	14 months (6/24 – 7/25)	14 months (2/25 – 4/26)	26 months (7/24 – 8/26)
Multifamily / Commercial	51 months (3/24 – 6/28)	18 months (1/25 – 6/26)	25 months (2/25 – 3/27)	26 months (7/24 – 8/26)
Total – all uses	68 months	42 months	51 months	44 – 46 months
Comment	Conservative	Realistic	Conservative	Realistic

* City staff reviewed the schedule and concur.



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
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



*PROPOSAL
OVERVIEWS*



A COMMUNITY ASSET



Golfers

- ✓ Renowned and experienced golf course architects
- ✓ Experienced golf course operators
- ✓ Resident tee time priority- days and rates
- ✓ Junior and student programs
- ✓ Championship golf course
- ✓ Quality new practice areas/high tech driving ranges



Nongolfers and Golfers

- ✓ Improved (renovated or new) Clubhouse/ Community Event Center, including dining venue
- ✓ Job creation – short term and permanent
- ✓ Workforce/mixed income housing
- ✓ Market rate housing in a supply constrained market
- ✓ Walking/biking trail
- ✓ Partnering with local businesses, schools and universities to promote events
- ✓ Increased tax revenue to fund City initiatives

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 - 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

