



Cost Effective Renovations & Capital Improvements

- **Project Feasibility (Market)**
- **Required vs. Elective**
- **Implementation**
- **Club Culture**
- **Club Future**

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- Consult other clubs
- Needs – Facilities
- Wishes
- Deferred Maintenance/Deterioration
- Cost
- Future Maintenance
- Get PROFESSIONAL HELP!

- Needs – Members/Players
- Needs - Staff
- Competition
- Property Limitations
- Financing
- Sinking Fund/Reserves
- Pro-Formas

Planning a Project Value-Based





- The concept that the value of a particular component is measured in terms of the amount it adds to the value of the whole property or as the amount that its absence would detract from the value of the whole.

Principle of Contribution



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- The appraisal principle that states that when several similar or commensurate commodities, goods, or services are available, the one with the lowest price will attract the greatest demand and widest distribution. This is the primary principle upon which the cost and sales comparison approaches are based.

Principle of Substitution



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Estimating Costs

- Architect's Plan
 - Paper Napkin
 - GCBA
 - Land Planner
- Bids
 - What other clubs spent
 - Clubhouse Architects
 - Realistic about needs





Cost vs. Value

Atmosphere

Utilization

Leadership/Inclusion

Amenity Mix

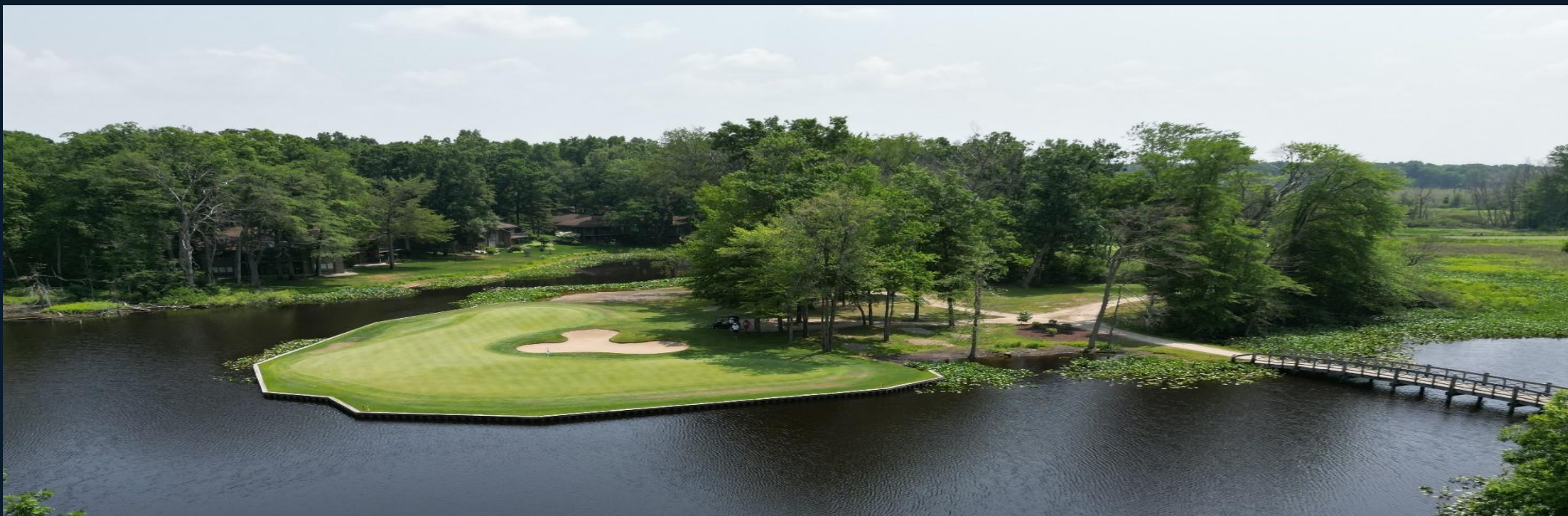
Skill Level

Rules/Bylaws

Diversity

Club Culture Profile





- Demographics
- Competition
- Pricing Levels
- Market Depth
- Resiliency

Market Dynamics



Required vs. Desired

REQUIRED

- **Deferred Maintenance**
 - ✓ Bunkers
 - ✓ Cart Paths
 - ✓ Roof/HVAC
 - ✓ Parking
 - ✓ Irrigation
 - ✓ Ponds
 - ✓ Kitchen
- **Items needed to compete**

DESIRED

- **Enhancements**
 - ✓ Renovation
 - ✓ Added Length
 - ✓ New Bunkers
 - ✓ Green Renovation
 - ✓ New Practice Facility
 - ✓ Fitness
 - ✓ Racquet Sports
 - ✓ New Facilities
 - ✓ Dishes/Tables/Chairs
- **Other wish list desires**





- Will it attract Members/Players?
- Will existing Members/Patrons Pay More?
- Will Existing Members/Patrons use club more?
- Will Operating Cost Increase?
- Capital Reserve?
- Time to Complete & Disruption?
- Can Members Leave During Project?

Feasibility/VALUE



Purpose of Plan(s)

- Achieve Club Mission
- To set a direction for the expeditious economic revival (if distressed) and long-term vitality of the club
- Serve as consistent “blueprint” for club’s long-range future
- Segregate Deferred Maintenance from Capital Improvements (Required vs. Desired)



Practice Range - Benefit

Practice Range Economics - Annual Benefit (\$500,000)

Cost			\$	68,929.70	<u>Net Gain/Loss</u>
New Members @ Total Exp.	\$8,000.00	10	\$	80,000.00	\$ 11,070.30
	\$8,000.00	15	\$	120,000.00	\$ 51,070.30
	\$8,000.00	25	\$	200,000.00	\$ 131,070.30
New Members @ Dues.	\$4,500.00	10	\$	45,000.00	\$ (23,929.70)
	\$4,500.00	15	\$	67,500.00	\$ (1,429.70)
	\$4,500.00	25	\$	112,500.00	\$ 43,570.30
Additional Club Use by current Members		2%	\$	1,000,000.00	\$20,000.00
		5%	\$	1,000,000.00	\$50,000.00
		10%	\$	1,000,000.00	\$100,000.00



Practice Range - Benefit

DUES & ASSESSMENTS REVENUE							
Heritage		\$860,700	\$924,768	\$1,035,740	\$1,173,346	\$1,306,966	\$1,393,919
Associate		\$81,000	\$84,240	\$168,730	\$242,971	\$263,218	\$273,747
Social		\$32,400	\$48,672	\$72,684	\$93,139	\$105,287	\$109,499
Honorary		\$0	\$0	\$0	\$0	\$0	\$0
TOTAL DUES REVENUE		\$974,100	\$1,057,680	\$1,277,153	\$1,509,455	\$1,675,471	\$1,777,165
INITIATION FEES							
Heritage	Not Included in Cash Flows	\$0	\$1,500	\$2,500	\$5,000	\$5,000	\$5,000
Associate		\$0	\$250	\$500	\$1,000	\$1,000	\$1,000
Social		\$0	\$0	\$0	\$0	\$0	\$0
Honorary		\$0	\$0	\$0	\$0	\$0	\$0
Blue Ridge Country Club Discounted Cash Flow Analysis Page 2							
Annual Rounds		17,808	18,238	21,420	24,430	25,806	26,236
Member Rounds	80	14,240	14,640	17,600	20,400	21,680	22,080
Guest Rounds	6	1,068	1,098	1,320	1,530	1,626	1,656
Other Rounds		2,500	2,500	2,500	2,500	2,500	2,500
Cart Rounds	70%	12,466	12,767	14,994	17,101	18,064	18,365
OPERATING REVENUE		Increasing @ 2.5%					
Membership Dues		\$974,100	\$1,057,680	\$1,277,153	\$1,509,455	\$1,675,471	\$1,777,165
Average Guest Fees		\$45.00	\$46.13	\$47.28	\$48.46	\$49.67	\$50.91
Guest Fees		\$48,060	\$50,645	\$62,407	\$74,144	\$80,766	\$84,313
Average Cart Fee		\$19.00	\$19.48	\$19.96	\$20.46	\$20.97	\$21.50
Cart Fees		\$236,846	\$248,630	\$299,308	\$349,902	\$378,850	\$394,792
Food & Bev Rev/Member		\$1,200	\$1,230	\$1,261	\$1,292	\$1,325	\$1,358
Food & Beverage Revenue		\$253,200	\$280,440	\$356,792	\$429,033	\$468,900	\$487,411
Other Revenue/Member		\$500	\$513	\$525	\$538	\$552	\$566
Other Revenue		\$105,500	\$116,850	\$148,663	\$178,764	\$195,375	\$203,088
Gross Operating Revenue		\$1,617,706	\$1,754,245	\$2,144,324	\$2,541,298	\$2,799,362	\$2,946,768
Revenue/Member		\$7,667	\$7,694	\$7,577	\$7,655	\$7,908	\$8,208
Revenue per Golf Mbr. (All)		\$9,088	\$9,586	\$9,747	\$9,966	\$10,330	\$10,677



Practice Range - Benefit

Expenses									
Departmental Costs & Expenses				Increasing at		3.5%			
Maintenance				\$600,000	\$621,000	\$642,735	\$665,231	\$688,514	\$712,612
Carts				\$60,000	\$62,100	\$64,274	\$66,523	\$68,851	\$71,261
Food & Beverage COGS	30%			\$75,960	\$84,132	\$107,038	\$128,710	\$140,670	\$146,223
Food & Beverage Expenses	65%			\$164,580	\$182,286	\$231,915	\$278,872	\$304,785	\$316,817
Undistributed Expenses									
General & Administrative	16.0%			\$258,833	\$280,679	\$343,092	\$406,608	\$447,898	\$471,483
Management	4.0%			\$64,708	\$70,170	\$85,773	\$101,652	\$111,974	\$117,871
Membership Development	5.0%			\$80,885	\$87,712	\$107,216	\$127,065	\$139,968	\$147,338
Professional Fees	1.0%			\$16,177	\$17,542	\$21,443	\$25,413	\$27,994	\$29,468
Utilities				\$100,000	\$103,500	\$107,123	\$110,872	\$114,752	\$118,769
Repairs & Maintenance	2.5%			\$40,443	\$43,856	\$53,608	\$63,532	\$69,984	\$73,669
Fixed Expenses									
Real Estate Taxes				\$80,000	\$82,800	\$85,698	\$88,697	\$91,802	\$95,015
Insurance				\$65,000	\$67,275	\$69,630	\$72,067	\$74,589	\$77,200
Reserves for Replacement	3.0%			\$48,531	\$52,627	\$64,330	\$76,239	\$83,981	\$88,403
Total Expenses				\$1,655,118	\$1,755,680	\$1,983,873	\$2,211,480	\$2,365,762	\$2,466,128
EBIDAT				(\$37,411)	(\$1,435)	\$160,451	\$329,818	\$433,600	\$480,640
Debt Service	\$	2,400,000.00	7%	20 yrs.	(\$223,286)	(\$223,286)	(\$223,286)	(\$223,286)	(\$223,286)
Phase I	\$	500,000.00	7%	20 yrs.		(\$46,518)	(\$46,518)	(\$46,518)	(\$46,518)
Phase II	\$	800,000.00	7%	20 yrs.			(\$74,429)	(\$74,429)	(\$74,429)
Phase III	\$	700,000.00	7%	20 yrs.				(\$65,125)	(\$65,125)
Cash Flow					(\$260,697)	(\$271,239)	(\$109,353)	(\$14,415)	\$24,242
Cumulative Cash Flow					(\$260,697)	(\$531,937)	(\$641,290)	(\$655,704)	(\$631,462)



Practice Range - Cost

Practice Range Economics - Cost				
Cost		\$ 500,000.00	\$ 500,000.00	\$ 500,000.00
Interest Rate		7%	7%	7%
Amortization		15.00	10.00	5.00
Monthly Payment		\$4,494.14	\$5,805.42	\$9,900.60
Annual Debt Service		\$ 53,929.70	\$ 69,665.09	\$118,807.19
Additional Maintenance		\$ 10,000.00	\$ 10,000.00	\$ 10,000.00
Golf Balls		\$ 5,000.00	\$ 5,000.00	\$ 5,000.00
Total Annual Cost		\$ 68,929.70	\$ 84,665.09	\$133,807.19
Cost Per Member (Annual) @	210 members	\$ 328.24	\$ 403.17	\$ 637.18
	225 members	\$ 306.35	\$ 376.29	\$ 594.70
	250 members	\$ 275.72	\$ 338.66	\$ 535.23
	275 members	\$ 250.65	\$ 307.87	\$ 486.57
	285 members	\$ 241.86	\$ 297.07	\$ 469.50
New Members necessary to pay @	\$ 4,000	14.54	17.68	27.51
(with no additional expense to existing members)	\$ 5,000	11.63	14.15	22.01
	\$ 6,000	9.69	11.79	18.34
	\$ 8,000	7.27	8.84	13.76
	\$ 10,000	5.81	7.07	11.00



Warren Buffet

“Cost is what you pay, value is what you get”



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QUESTIONS

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