

# ENGER PARK GOLF COURSE RENOVATION PLAN - FINANCIAL OVERVIEW



DULUTH, MINNESOTA  
JULY 20, 2021



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# CLUBHOUSE

An analysis of the existing clubhouse by a structural architect indicated poor access to the building through elevated doorways, inaccessible bathrooms in the basement, poor layout and function with disconnected areas, a small kitchen with lack of storage, poor energy efficiency, and water issues in the basement. Therefore, the consultant team looked at two Concept Options for the future clubhouse

## Clubhouse Concept Options

- 1) A modular structure that can be easily expanded if necessary.
- 2) Conversion of the existing pavilion/garage building into clubhouse space.

Analysis of the existing pavilion indicated an insufficient size to function as the clubhouse and a non-insulated structure without plumbing that would need substantial renovation to function as a clubhouse. As further analysis of the current clubhouse and garage buildings progressed, and it became clearer that neither current structure could feasibly sustain clubhouse operations, the consultant team refocused on replacement of the current clubhouse.

To balance the community engagement responses that identified a set of preferred clubhouse amenities and the operational needs of the golf course, Clubhouse Concept 2 is recommended. This concept is approximately 3,000 square feet and includes an ADA accessible building, space to seat 40 people inside, indoor restrooms that also provide space to change, a kitchen serving hot food and beverage services including alcohol, adjacent kitchen storage area, outdoor patio seating space of 3,000 square feet, and a pro shop with a selection of items for sale.

Two kitchen options were considered for the clubhouse. The first, a basic version offering cold sandwiches, soups, and roller grill for hot dogs and brats. The second, a complete kitchen with flat top grill, cooking hood, fryer, and grease trap to accommodate hot sandwiches, burgers, brats, hot dogs and french fries comparable to the existing kitchen facility.

Based on public comment and revenue projections, the complete kitchen version is recommended for inclusion in the clubhouse renovation, however there are cost differentials for these two kitchen options that must be considered within the project budget as a whole. The first option may be lower investment, but may yield lower revenue as well. Likewise, the second option opens up greater food service potential, which is expected to yield a higher revenue return.

Facility	Kitchen Amenities	Estimated Cost \$
New Clubhouse	Basic Kitchen	697,300
New Clubhouse	Full Kitchen	783,550

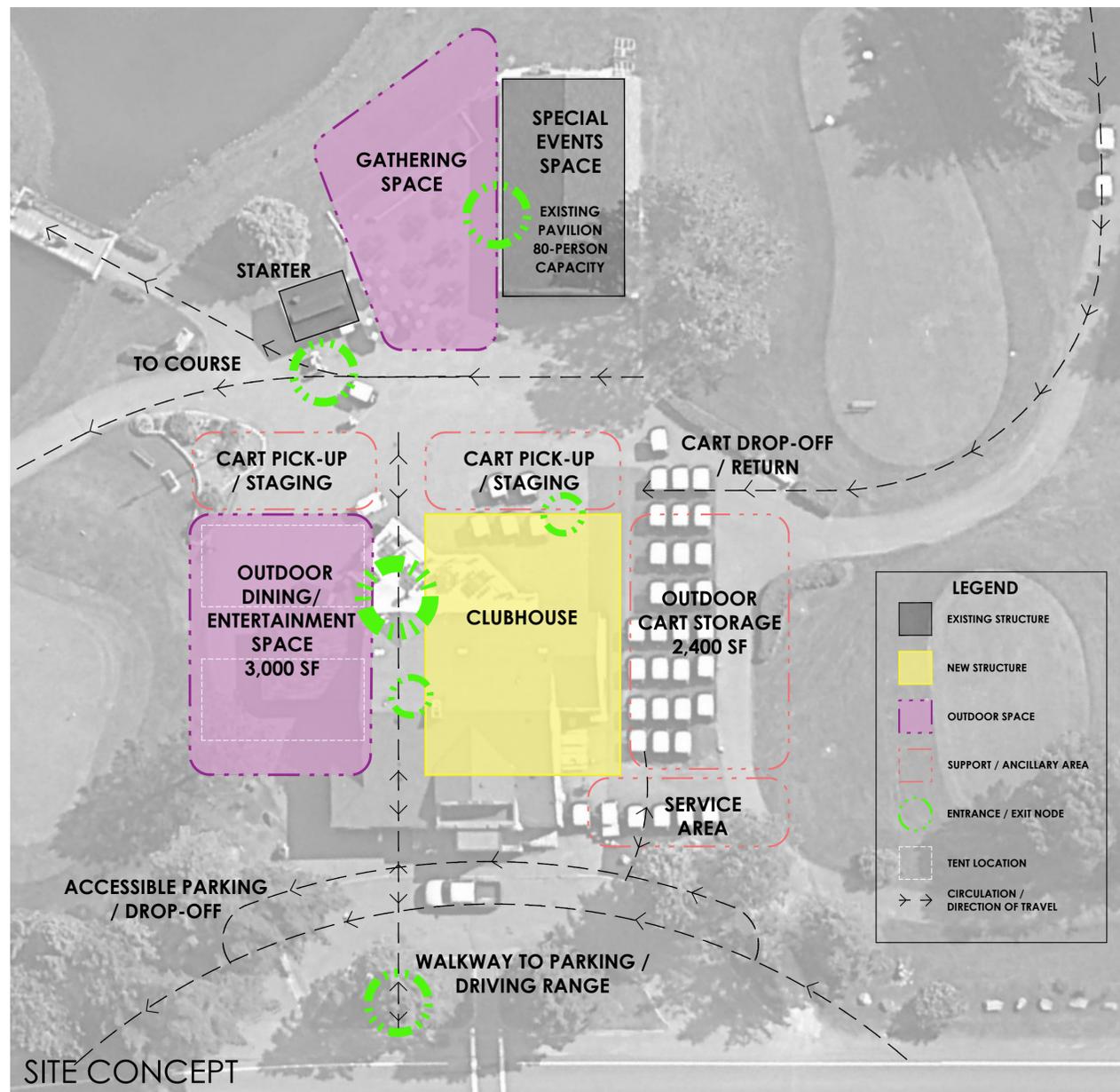
Clubhouse Concept 2 increases the size of the functional space when compared to the existing Enger clubhouse by almost 1,000 square feet. The existing clubhouse is broken into three levels—two that aren't fully utilized, and one which houses the clubhouse operations. Clubhouse Concept 2 provides an efficient, open layout in one building with full ADA accessibility on one level. The exterior space adjacent to the building includes a drop off area and handicap accessible parking on the south side on the building. An outdoor seating and entertainment space with permanent tie downs for an awning is located on the west side of the building and the existing pavilion will remain as a special events space accommodating up to 80 people.

Seasonal portable toilets will continue to be utilized outside to increase total restroom capacity for busier times and to accommodate events. At least one of these toilets will be handicap accessible.

The following table summarizes the estimated total occupancy for each gathering space available for events at Enger Park Golf Course:

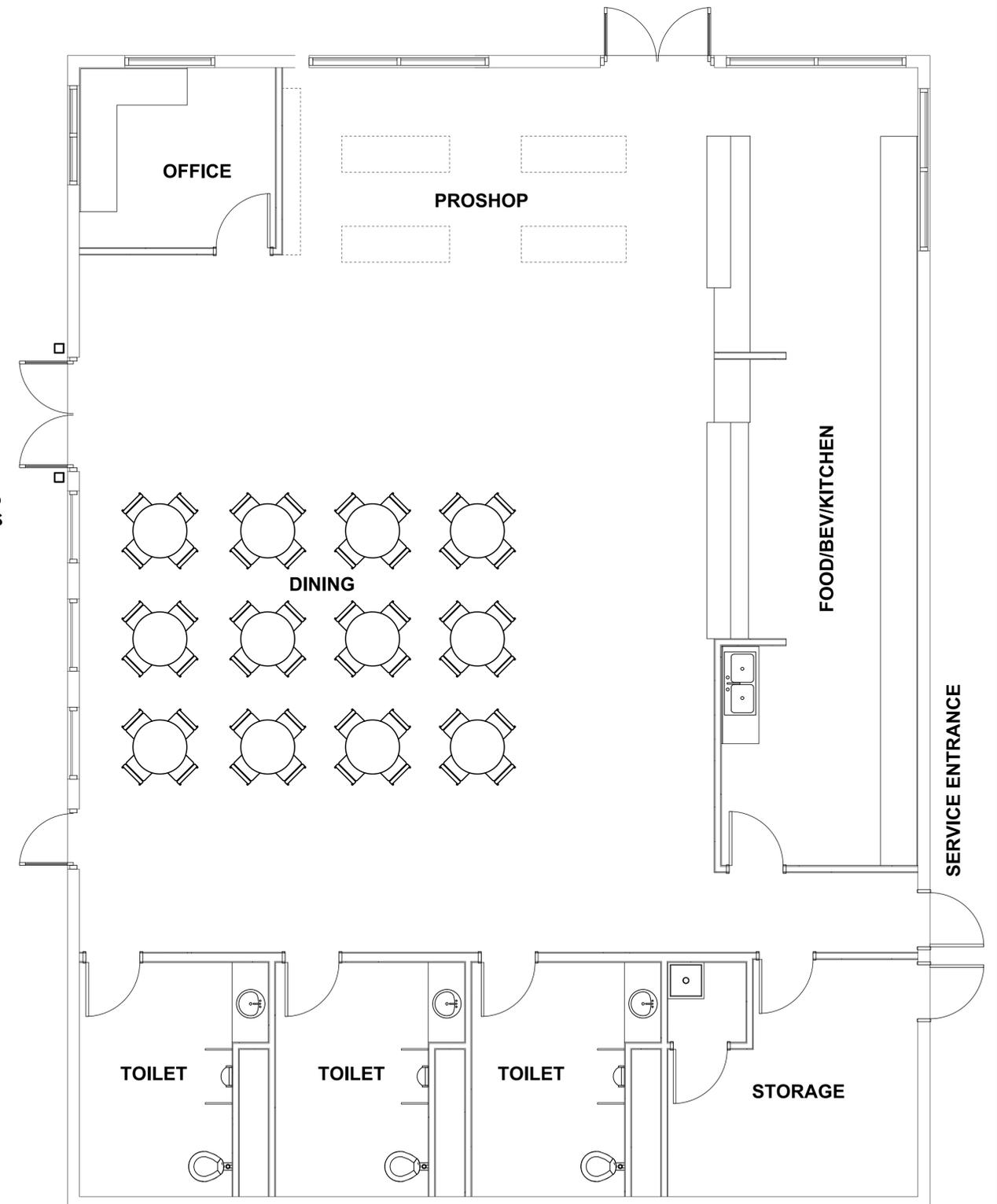
<b>Space</b>	<b>Indoor/Outdoor</b>	<b>Estimated Total Occupancy</b>
Clubhouse Concept 2	Indoor	40
Clubhouse Concept 2 Patio	Outdoor	80
Existing Pavilion	Indoor	80
Existing Pavilion Patio	Outdoor	80

The modular clubhouse building will be built in sections at an offsite facility in a controlled environment. The building can easily be expanded in the future if revenue generation warrants an expanded facility for hosting larger indoor events that would require additional seating and restrooms. Purchase and installation of golf simulators by a user group could also be considered in the future. Based on experience at other facilities, the consulting team recommends not installing golf simulators at this time. The return on investment is minimal and would require at least six of the highest quality simulators to provide a financially sustainable operation.



**OPTION TWO:**

- CLUBHOUSE
  - QUAD-WIDE CONFIGURATION
  - 48' X 64'
  - APPROX. 3,000 SF
- PRO SHOP
  - COURSE/CART STAGING VIEW
  - CHECK-IN DESK
  - MERCHANDISE TABLES
  - OFFICE & STORAGE
- FOOD & BEVERAGE
  - LIMITED MENU KITCHEN
  - COUNTER/BAR SEATING
  - WASH SINK
- DINING AREA
  - ROOM FOR 40 PEOPLE
  - TELEVISION
- RESTROOMS
  - SINGLE RESTROOMS
  - NON-GENDERED
  - ACCESSIBLE
- OUTDOOR SPACE
  - DINING/ENTERTAINMENT PATIO
  - DESIGNATED 24'X40' TENT PADS
  - FIXED TIE-DOWN LOCATIONS
- CART PICK-UP/STAGING
  - ADJACENT TO PRO SHOP
- OUTDOOR CART STORAGE
- SERVICE/MAINTENANCE AREA



BUILDING CONCEPT



PROJECT NAME: ENGER CLUBHOUSE  
DRAWING NAME: OPTION TWO



SCALE: VARIES  
DATE: JUNE 29, 2021  
DRAWN BY: ERB  
PROJECT #: 2021-051



# IRRIGATION AND WATER SUPPLY

## Irrigation system

The new 27-hole irrigation system will include approximately 1,650 sprinkler heads to irrigate the tees, greens, fairways and rough. This system will be comprised of smaller, more efficient sprinkler heads to place water where it is most needed and be connected by high-density polyethylene (HDPE) pipe to greatly reduce pipe breaks. A computerized central control will allow for operation from the field and office to program the irrigation system for the most efficient use of water. As part of the system, a new pump station and wet well will be required to efficiently deliver the water to the sprinkler heads. The new pump station will be relocated to a larger irrigation pond and be comprised of a non-corrosive, sound attenuating composite material that comes fully assembled.

## Water Supply

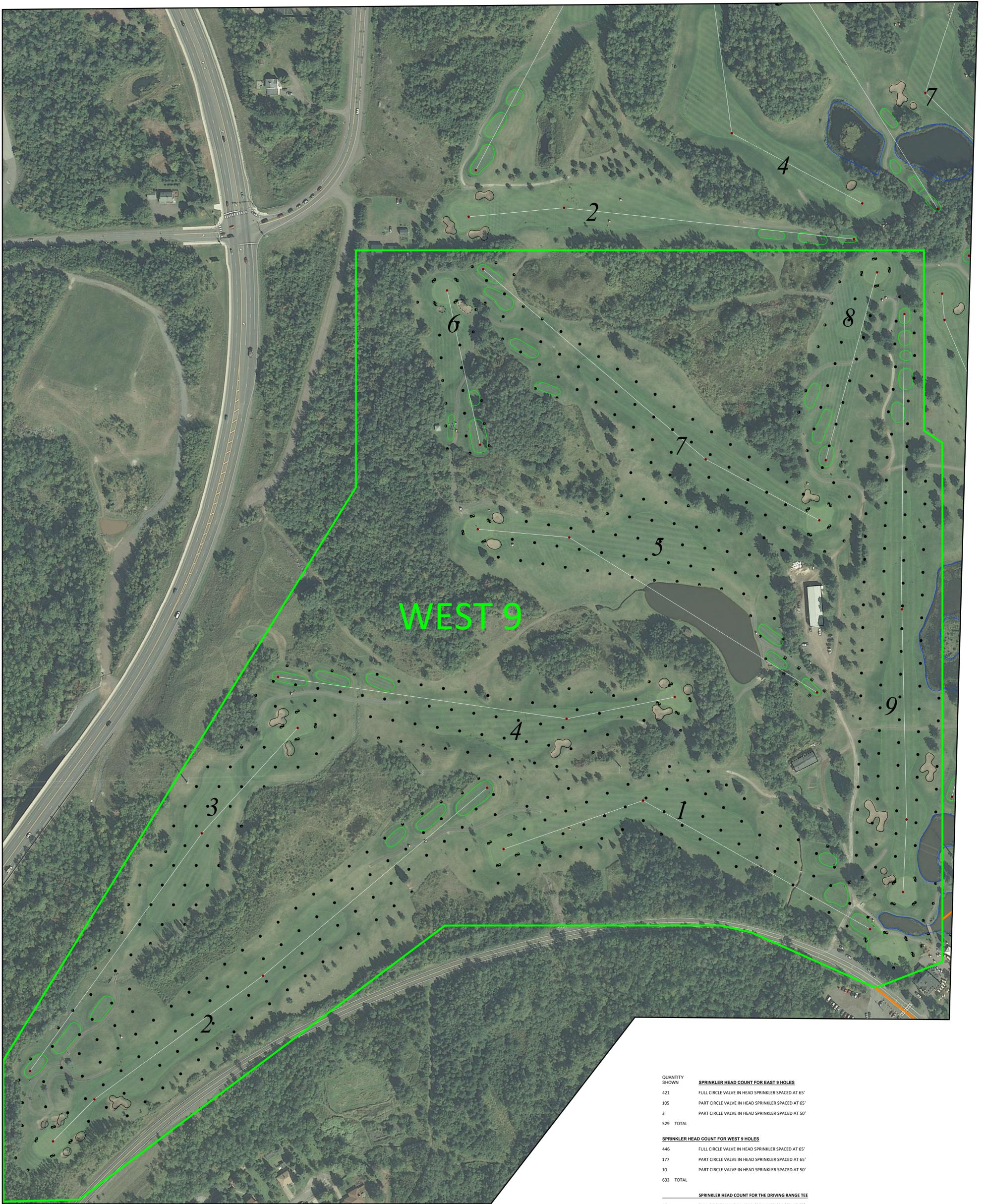
Water supply for the irrigation system will come from a variety of sources as it does currently. However, the quantity of water received from each source will need to be adjusted based on DNR water allocations and City water rates in response to weather patterns and conditions.

An increase in City water usage will be necessary to supplement the limited availability of water from Buckingham Creek and the groundwater wells. This will require a larger, 6 inch, City supply line and meter. With this upgraded pipe, City water could meet all the irrigation needs for the course if necessary, albeit through more costly means than other sources. Currently the golf course is receiving the lowest City water rate of \$0.0024/gallon which equates to \$2,400 per million gallons of water used. If that rate were lowered, irrigating with City water would be a more feasible economic option.

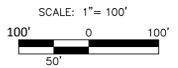
The following table illustrates possible water supply scenarios:

Water Source	Annual Allocation (Million Gallons)	Current Annual Availability (Million Gallons)	Scenario 1 (Million gallons)	Scenario 2 (Million gallons)	Scenario 3 (Million gallons)	Scenario 4 (Million gallons)
Coffee Creek	34.5 combined with Buckingham	0	0	0	0	0
Buckingham Creek	34.5 combined with Coffee	Approx. 3	0	3	3	5
Wells	5	5	0	5	10*	10*
City Water	N/A	Approx. 8	21	13	8	6
<b>Total (Average annual)</b>	39.5	16	21	21	21	21
<b>Cost (Average annual)</b>			\$ 56,308	\$ 35,188	\$ 21,988*	\$ 16,708*

\*Contingent upon a groundwater allocation increase of 5 million gallons per year from the DNR



QUANTITY SHOWN	SPRINKLER HEAD COUNT FOR EAST 9 HOLES
421	FULL CIRCLE VALVE IN HEAD SPRINKLER SPACED AT 65'
105	PART CIRCLE VALVE IN HEAD SPRINKLER SPACED AT 65'
3	PART CIRCLE VALVE IN HEAD SPRINKLER SPACED AT 50'
529	TOTAL
	<b>SPRINKLER HEAD COUNT FOR WEST 9 HOLES</b>
446	FULL CIRCLE VALVE IN HEAD SPRINKLER SPACED AT 65'
177	PART CIRCLE VALVE IN HEAD SPRINKLER SPACED AT 65'
10	PART CIRCLE VALVE IN HEAD SPRINKLER SPACED AT 50'
633	TOTAL
	<b>SPRINKLER HEAD COUNT FOR THE DRIVING RANGE TEE</b>
16	FULL CIRCLE VALVE IN HEAD SPRINKLER SPACED AT 65'
1	PART CIRCLE VALVE IN HEAD SPRINKLER SPACED AT 65'
17	TOTAL
	<b>SPRINKLER HEAD COUNT FOR THE BODY OF THE DRIVING RANGE</b>
64	FULL CIRCLE VALVE IN HEAD SPRINKLER SPACED AT 65'
0	PART CIRCLE VALVE IN HEAD SPRINKLER SPACED AT 65'
63	TOTAL



SHEET  
**Ir-1**  
OF  
**2**

SHEET TITLE:  
West 9  
Sprinkler  
Head Layout

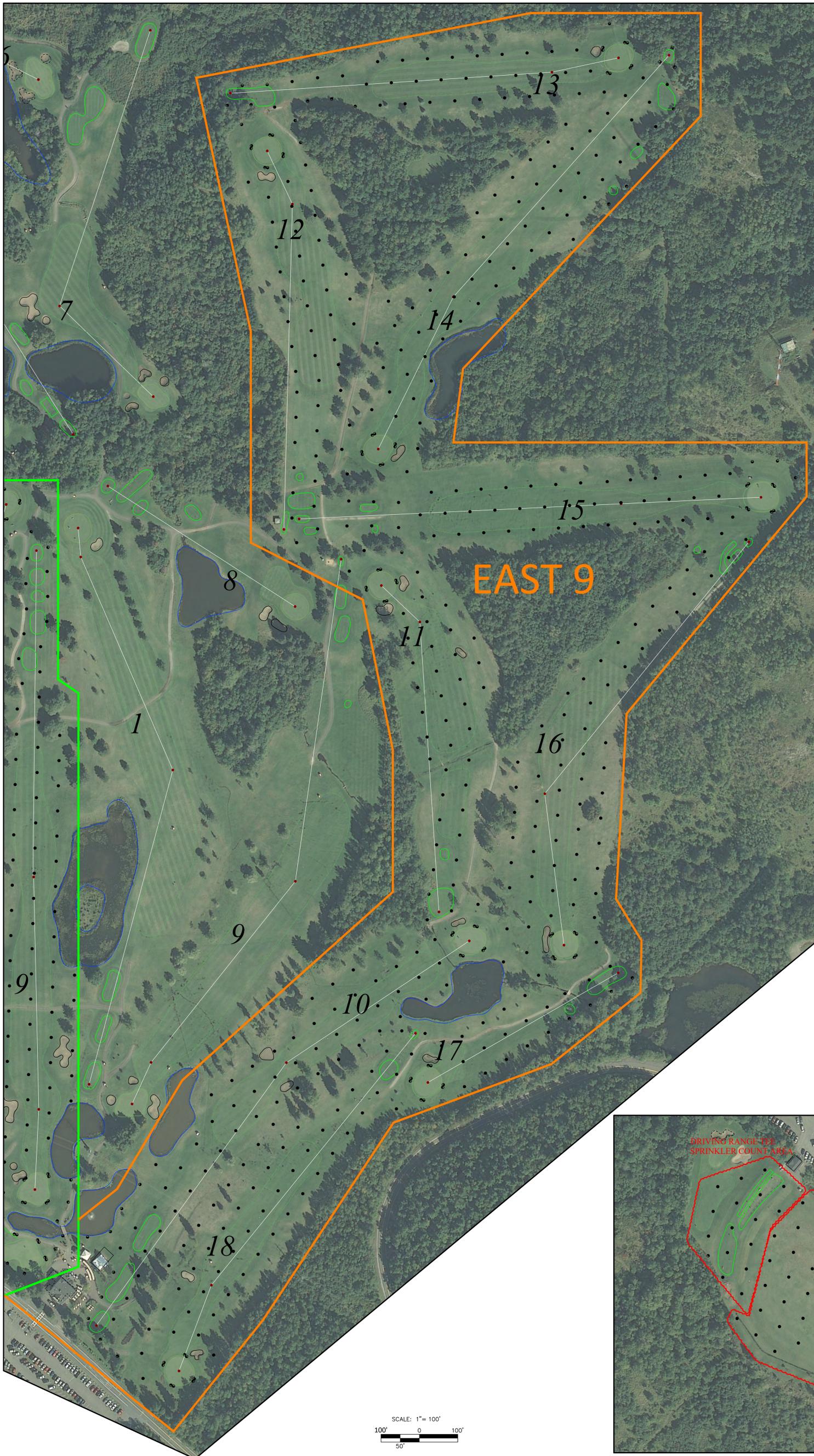
REVISIONS

Project EP-0515  
Drafter BDK  
Check BDK  
Plot Date: 07-09-2021  
Scale: 1" = 100.0'

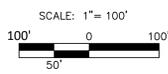
# Enger Park Golf Course Duluth, Minnesota

**irrigation technologies**  
10395 W. Ottawa Ave.  
Littleton, CO 80127  
Phone 720.240.6208  
IrrigationTechnologies.biz





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421	FULL CIRCLE VALVE IN HEAD SPRINKLER SPACED AT 65'
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64	FULL CIRCLE VALVE IN HEAD SPRINKLER SPACED AT 65'
0	PART CIRCLE VALVE IN HEAD SPRINKLER SPACED AT 65'
63	TOTAL



SHEET <b>Ir-2</b> OF <b>2</b>	SHEET TITLE:	REVISIONS	Project	EP-0515
	East 9 & Practice Range Hole Sprinkler Head Layout		Drafter	BDK
			Check	BDK
			Plot Date:	07-09-2021
			Scale:	1" = 100.0'

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# RENOVATION SCHEDULE

Prior City announcements have described a renovation schedule that anticipated commencement of work in Spring of 2023 at Enger Golf Course. However, further study and consideration of growing conditions require an earlier and thus somewhat extended renovation schedule.

## Proposed Revised Renovation Timeline

Date	Activity
September 2021	Begin construction documents, final design
December 2021	Finalize construction documents and bidding documents
January 2022	Award bids
September 2022	Begin construction under partial course closure
October 2022	Irrigation mainline and pump station installation
May 2023	Full course closure. Resume construction
August 2023	Substantial completion and final grassing
June 2024	Course reopens for play

# COST ESTIMATES

This study phase is limited to Concept Designs, which allow for estimating of costs. Estimates are based on similar projects and recent conversations with contractors and industry experts. Actual prices may increase or decrease depending on the size of the project, contractor mobilizations costs, and the time of year. These estimates are higher than the estimates in the 2018 *Golf Course Architectural Assessment* since three years have passed since that report was completed and a 30-35% increase in construction costs have been observed as a result of the Covid-19 pandemic.

The following table outlines the general cost estimates for each portion of the Enger Park Golf Course renovation project.

Item	2018 Cost Estimate	Current Cost Estimate
Install new irrigation central control	125,000	60,000
Expand irrigation pond, install transfer pipe	440,000	538,590
New irrigation pump station, slab, wet well, 3-phase power	195,000	230,000
New irrigation system on 27 holes-1750 heads, HDPE pipe, wire	2,100,000	2,827,500
ROTO-till and regrass fairways to improve drainage prior to irrigation installation: Front Nine holes 2 and 9*; Middle Nine hole 9; Back Nine holes 1, 2, 5-9	750,000	465,000
Bunker reconstruction and removal: Front and Middle Nine, 13 bunkers**	85,000	223,616
Bunker reconstruction and removal: Back Nine, 12 bunkers**	110,000	149,080
Construct new forward tees, 10 tees	135,000	72,100
Clubhouse with commercial kitchen***	<i>Remodel</i> 500,000	<i>New</i> 682,000
Final design and permitting	444,000	444,866
Contingency	444,000	581,470
<b>Total of original ten critical items</b>	<b>5,328,000</b>	<b>6,274,222</b>
<b>Additional Items</b>		
Reconstruct range turf tee with synthetic teeline and new irrigation****	0	145,310
Reconstruct driving range landing area with new irrigation, target greens, new irrigation, and chain link fence****	0	290,500
Repair 5,000 linear feet of cart path****	0	196,000
<b>Subtotal of additional items</b>	<b>0</b>	<b>631,810</b>
Final design and permitting	0	50,545
Contingency	0	63,181
<b>Total of additional items</b>	<b>0</b>	<b>745,536</b>
<b>Grand total</b>	<b>5,328,000</b>	<b>7,019,758</b>

\* This estimate includes repairs to holes 2 and 9 on the Front Nine to address drainage issues prior to installation of new irrigation. The 2018 list of critical repairs did not include drainage repairs or regrassing of any holes on the Front Nine.

\*\* The 2018 list of critical repairs included the renovation of 11 bunkers on the Front and Middle Nines and renovation of 8 bunkers on the Back Nine. This estimate includes a total of 25 bunkers so that all bunkers will have liners and the same sand. – This item remains under review.

\*\*\* The 2018 list of critical repairs did not include a new clubhouse.

\*\*\*\* The 2018 list of critical repairs did not include cart path improvements or driving range improvements.

The consulting team strongly recommended renovation of the driving range be considered for its ability to generate substantial revenue. The larger tee would accommodate 27 hitting stations, a turf tee would allow turf recovery, and synthetic tee line would accommodate range use outside of the growing season in early Spring and late Fall.

Repairing the worst cart paths was also not part of the “Critical Items”, however it would add to the user experience and enjoyment of the golf course. Although it is not quantified in the annual budget projections, improved cart paths traditionally yield a slight increase in revenue through a modest increase in the price of a golf round.

## Funding Mechanisms

The primary funding mechanism for the renovation project will be revenue bonding. Formal amounts and sources of funding are still under evaluation.

The following table outlines potential funding sources:

Source	Estimated Amount
Revenue bonding (20 years)	\$ 4,000,000
Sale of small land parcels at Enger and Lester Park Golf Course	\$300,000
Community donations	\$250,000
Other sources – pending final project estimates	\$2,500,000
<b>Total</b>	<b>\$7,050,000</b>

# Financial Projections

## Overview

The financial analysis for the Enger Renovation Project utilized the Trailing 12 months as a baseline in the golf revenue categories (Greens Fees, Cart Fees, Annual Passes). The model is driven by Average Price per Round (APR) and round counts. The increase in golf play linked to the Covid-19 pandemic will likely subside, however reduction of golf inventory in Duluth through the closure of Lester Park Golf Course is expected to offset potential declining interest.

**Further review and analysis of these projections is underway as of July 2020.**

Baseline considerations:

- Daily Fee                      27,000 rounds
- Outing/Events                2,700 rounds
- Passholders                  13,70 rounds
- Golf APR                        \$20.39
- Range APR                     \$1.94
- Merchandise APR            \$2.00
- F&B APR                        \$5.51

**Newly renovated Enger Park Golf Course assumptions variance to baseline – used for projection purposes only.**

## Revenues

- Rate increases of \$5.00 of Rack Rate Greens Fees
- Revise structure of season pass holder offerings
- Rounds increase of 3,000 Daily Fee Rounds annually
- Did not assume any increase in other average price per round - Range, Merchandise and Food & Beverage

### **Expenses**

- Maintenance assumptions:
  - o Assumed \$30,000 per year for purchase of City Water
  - o Increased labor to reflect improved conditions, with reset to 2020 as Trailing 12 reflects staffing savings due to COVID-19 pandemic
- Food and Beverage assumptions
  - o Increased labor to reflect increase revenues – layout of clubhouse will dictate additional potential savings
- General and Administrative assumptions
  - o Includes management fee
  - o Increased credit card fees due to increased usages
  - o Utilities need to be reviewed with new vertical
- Cart Lease
  - o Consideration for cart lease vs. purchase in the future will impact this budget item

