



CLUBHOUSE PROPOSAL

EXECUTIVE SUMMARY

Prepared by: Clubhouse Planning Committee
Approved by: Board of Directors



St. Thomas Golf and Country Club is a Club we are all proud to belong - our course is among the best in Canada, with a spectacular setting and unrivaled vistas. We know that we are responsible for ensuring the sustainability of our Club. Our current clubhouse is close to 100 years old and it needs our attention. We understand that it is difficult to pick "the right time" to build a new clubhouse, but we are confident that the time is right to consider our options and plan for our future - together.

A full Business Case has been developed to provide you with the information you need to make an informed decision about a new clubhouse for our Club - check the Member's Portal or email the Club's General Manager for a copy. **All members are encouraged to review the full Business Case.** The Executive Summary is intended to provide members with a high-level overview of the Business Case.



INTRODUCTION

While there are many factors that have contributed to bringing this project forward, at this time, the most significant factor relates to control over the future of our Club. The long-term viability of our current clubhouse is uncertain and construction costs continue to rise at rates that far outpace inflation. By acting now, we have the opportunity to mitigate future risks and, to some degree, ensure the fate of our Club. The intention of the Business Case is not to persuade, but rather to inform members. It is anticipated that this information will help members make an informed decision about how best to move forward.

PROJECT TIMING *refer to p.5-8 - full Business Case*

It is difficult to identify the right time to build a new clubhouse - it is possible to make arguments "for" and "against" building a new clubhouse.

It is possible that construction of a new clubhouse facility could commence in 2025.

As contemplated in the Business Case, there are many reasons why the time is right to consider building a new clubhouse including, but not limited to:

- The clubhouse has reached the end of its useful life and risks expensive and urgent repairs;
- A new facility provides a greater opportunity to retain existing members and attract new members;
- A new clubhouse would allow the Club to pursue new revenue-generating events (e.g. weddings), which could be used to fund golf course operations, lessening the need to increase number of members or dues;
- A new clubhouse provides an opportunity to retain the country club atmosphere;
- Over the past several years, St. Thomas and surrounding areas have experienced population growth;
- A new clubhouse will position the Club well to capitalize on the evolving local economy and demographics; and
- The Club had a strong year financially in 2020 and membership levels are trending positively.

PROJECT FUNDING & OUTSTANDING DEBT *refer to p.12-24 - full Business Case*

A new clubhouse is within reach if the members choose to support it. The overarching conclusion drawn by the Board was that, under reasonable assumptions, the successful construction of a new \$10M clubhouse was within the realm of possibility. The Phase One Materials (vote 1) is expected to provide the granularity and certainty, which is necessary to feel confident in the accuracy of the clubhouse cost and financing availability, before moving forward with the project.

The **projections included in the Business Case support the financial viability of the project.** The most significant hurdle is accumulating a down payment (\$3-\$5M). The ability to service mortgage payments is well within feasible scope. Based on the estimated costs of the Proposal, and on the funding projections, described in the full Business Case, a member assessment targeted at \$50 per month would be required. The assessment would be the primary source of funding for the project, and would be shared equally between all members 18 years of age and older; however, a graduated assessment could also be considered. Based on an assessment at this level, construction of the new facility could commence in 2025. The timeline to construction is influenced, primarily, by the need to accumulate the down payment for the new building.

The Board recognizes that the golf course is the primary asset of the Club and must be protected at all times. It is possible that, through accelerated payments, the irrigation loan could be paid off prior to starting the clubhouse construction; however, there may be financial benefits to paying off the irrigation loan, not with accelerated payments, and commencing the clubhouse construction sooner (e.g. avoid inflationary increases to construction costs and take advantage of low interest rates).

IMPACT TO GOLF COURSE *refer to p.13 - full Business Case*

The construction of a new clubhouse will not necessitate any changes to the golf course.

The Business Case considers and reviews four (4) replacement options as well as an option to renovate our current clubhouse. A summary of options is included below:

REPLACEMENT OPTION 1: "2008 CLUBHOUSE DESIGN" CONCEPT

refer to p.10 - full Business Case

This design reflects the plans developed when a clubhouse project was last contemplated by the Board in 2007-2008. It features significant capacity expansion to the dining room, members lounge, and outdoor patio areas. These changes would enable the clubhouse to serve as a wedding and special function venue and better serve the day-to-day needs of the membership.

Other notable characteristics include an expanded pro shop and kitchen facilities, additional bag storage, indoor power cart storage, a junior locker room, a staff lounge, and increased multi-purpose storage space.

COST

The new building construction costs for Replacement Option 1 are estimated at \$6.9 million with a total project budget of \$11 million, including a 5% contingency.

KEY CONSIDERATIONS

While the 2008 Clubhouse Design Concept provides many enhancements over the current facility, an argument can be made that it is too large and contains more luxuries than might be practical.



REPLACEMENT OPTION 2: "20,000 SQUARE FOOT" CONCEPT

refer to p.10 -11 - full Business Case

This 20,000 square foot design is patterned after a comparator club that was constructed in 2005. The footprint is highly functional but also compact. This model's design configuration includes expanded capacity in the dining room and outdoor patio areas, increased pro shop space, kitchen facilities, additional bag storage, a staff lounge, multi-purpose storage space, and half locker options. This conceptual design would support many of our daily membership needs. It could also be utilized for other special events such as weddings or dinner parties.

The Committee learned about the successes and opportunities for improvement associated with this project. During a site visit, management at that club identified several deficiencies with the design, which could be corrected with a slightly larger building. It was noted that the locker rooms, power cart storage, interior storage, kitchen, and lounge were slightly smaller than ideal. Conversely, the pro shop was found to be too large.

COST

The new building construction costs for Replacement Option 2 are estimated at \$5.5 million with a total project budget of \$9 million, including a 5% contingency.

KEY CONSIDERATIONS

A 20,000 square foot concept is likely to meet the basic needs of our members. However, some additional space is recommended based, in part, on the feedback received from management at a comparator club, who have had the opportunity to work in this space for the past several years.

REPLACEMENT OPTION 3: "HYBRID FULL CLUB SERVICE" CONCEPT

refer to p.11 - full Business Case

This 22,500 square foot design combines elements from the 2008 Clubhouse Design Concept and the 20,000 Square Foot Concept that would be optimized to provide an array of full-service golf, dining, and other country club services to the membership.

This design's key features are increased service areas in the dining room, outdoor patio, kitchen spaces, and expanded pro shop, bag storage, and locker room areas. Other notable inclusions would be a consideration for indoor power cart storage and fitness/practice facilities, which could be utilized year-round.

COST

The new building construction costs for Replacement Option 3 are estimated at \$6.2 million with a total project budget of \$10 million, including a 5% contingency.

KEY CONSIDERATIONS

Option 3 attempts to include those elements of Replacement Options 1 and 2 which appear most aligned with our membership and eliminate those items that are not.

Based on the Committee's review and application of the Clubhouse Criteria, Replacement Option 3 appears to best meet the needs of the Club. **If the Phase One vote is successful, the Clubhouse Criteria will be refined and used by a design firm, to ensure an appropriate clubhouse design and option can be prepared.**

REPLACEMENT OPTION 4: "PRIMARILY GOLF SERVICES" CONCEPT

refer to p.11 - full Business Case

This modest 15,000 square foot design would support essential day-to-day golf services. The configuration and utilization of space would be determined primarily by principles of efficiency and effectiveness.

This footprint would feature an expanded member lounge and outdoor patio food service area, but no formal dining room. Pro shop, locker room, cart and bag storage areas would be limited within this design's available footprint, along with a small multi-purpose meeting room space and storage room.

COST

The new building construction costs for Replacement Option 4 are estimated at \$4.1 million with a total project budget of \$7 million, including a 5% contingency.

KEY CONSIDERATIONS

Option 4 would not be capable of hosting large events (including Thursday tournaments which represent a significant source of revenue for the Club) and would be subject to many of the constraints facing the current clubhouse.



RENOVATION OPTION

refer to p. 9-10 - full Business Case

A Clubhouse Renovation/Replacement Study was conducted in 2008 and identified various building deficiencies and experts estimated that the probable cost of those deficiencies would exceed \$1M. This figure does not account for renovations required to ensure compliance with the Accessibility for Ontarians with Disabilities Act and new Building Code requirements.

Clubhouses of our vintage have similar characteristics that often result in replacement at similar golf courses because:

1. Different construction materials and practices were used at the time of the build and subsequent renovations;
2. Mechanical and electrical equipment issues due to aging infrastructure;
3. New health and safety standards;
4. New standards for building energy performance;
5. High utility costs (>\$100,000 per year for the Club); and
6. Risk of unknown expenses for maintenance and emergencies.



COST

It is estimated that the direct cost of a renovation and small addition could be in the range of \$4-\$7M.

KEY CONSIDERATIONS

This option, while at first blush may seem to be a more affordable option, is subject to significant contingencies and risks cost overruns (given the age of our facility, along with known and unknown issues associated with a renovation project). Additionally, a very basic renovation would not meet many of the objectives of this project.

OPTIONS - A SNAPSHOT

The following table includes additional comparative feature and cost details for each of the replacement conceptual design options:

Clubhouse Design Criteria	Current Clubhouse	Option 1 (2008 design)	Option 2 (20,000 sq. ft.)	Option 3 (hybrid full Club services)	Option 4 (primarily Golf services)
Building site/Location		larger footprint, same location	similar footprint, same location	similar footprint, same location	same footprint, same location
Dining/Banquet Room	150	240	200	200	excluded
Members Lounge	40	70	70	70	75
Deck/Patio Event Serving Area	40	140	140	140	140
Kitchen (prep, freezer, storage)	inefficient, no storage	expanded	expanded	expanded	scaled for Lounge only service
Locker Room(s)	Mens (365), Womens (90) Full/Half Locker Options	Mens, Womens & JR Full/Half Locker Options	Mens & Womens Half Lockers only	Mens & Womens Full/Half Locker options	Mens & Womens Full/Half Lockers options
Proshop	restricted retail space	expanded retail/office space	expanded retail/office space	expanded retail space	scaled down retail space
Bag/Powerkaddy Storage	400/40	500/50	600/50	650/50	600/50
PowerCart Storage	outdoor	indoor (40)	indoor (40)	indoor (40)	indoor (40)
Admin Office(s)	limited, shared spaces	expanded office space(s)	expanded office space(s)	expanded office space(s)	shared office space
Staff Room	not available	included	included	included	included
Storage Space (multi-purpose)	extremely limited	expanded multi-purpose	expanded multi-purpose	expanded multi-purpose	scaled down multi-purpose
Conference / Board Meeting Room(s)	Board Room	multi-room option(s)	single multi-use meeting space	single multi-use meeting space	single multi-use meeting space
Additional Amenities	not available	potential to consider	excluded	partially included	excluded
Indoor teaching/practice facility	n/a	tbd	n/a	yes	n/a
Fitness room	n/a	tbd	n/a	yes	n/a
Hot Tub or Sauna or Steam Room	n/a	tbd	n/a	no	n/a
Games Room (Pool, Darts, etc)	n/a	tbd	n/a	no	n/a
Secondary rental space (physio, etc)	n/a	tbd	n/a	no	n/a
Approximate Building Size (ft2)	15000	25000	20000	22500	15000
Estimated Cost Range		\$10 - 12M	\$8 - 10M	\$9 - 11M	\$6.5 - 8M

refer to p. 12 - Full Business Case



MEMBER IMPACT

In evaluating the clubhouse project, it is important that members have a full appreciation of the direct costs that they can expect over the next several years. This chart is intended to demonstrate estimated total direct costs for principal members through 2025.

	2021	2022	2023	2024	2025
Dues	\$3,695	\$3,880	\$4,074	\$4,278	\$4,491
Irrigation Assessment \$30 per month	\$360	\$360	\$360	\$360	\$360
Clubhouse Assessment \$50 per month	-	\$600	\$600	\$600	\$600
Total Annual Cost	\$4,055	\$4,840	\$5,034	\$5,248	\$5,451

Note: The irrigation loan could be paid off as early as 2022 or 2023 if a concerted effort were made to pay down this debt though this would likely delay construction. This would eliminate the irrigation assessment.

refer to p. 24 - Full Business Case

FUNDING PROJECTIONS

Funding projections have been prepared based on the following “expected case” scenario:

Annual Change in Dues:	5% (2021-2025); 2% (2026-2030)
Annual Change in Members:	1% (2021-2025); 0% (2026-2030)
Assessment:	\$50 per month
Bond Revenue:	\$400,000

Based on the expected case scenario, the following chart provides a summary of the Club’s cash position in the years leading up to construction:

	2020	2021	2022	2023	2024
Net Change in Cash	\$504,000	\$222,000	\$481,000	\$609,000	\$688,000
Year-End Cash	\$785,000	\$1,007,000	\$1,488,000	\$2,097,000	\$2,785,000

HAVE YOUR SAY!

refer to p. 17 - Full Business Case

The Board wants to confirm that the membership supports next steps associated with a new clubhouse project. A phased approach to voting is proposed:

Phase One: On May 8, 2021, a vote of all adult members (regardless of membership category) would be held to determine support for obtaining detailed conceptual drawings, construction and associated costing quotations, professionally prepared financial projections, and a mortgage pre-approval or commitment.

- The Club is currently in a position to fund the expenses associated with obtaining the Phase One materials. There would be no additional cost to members required to proceed with this stage of the project.
- Should Phase One vote be successful, a subcommittee of members with subject matter expertise would be formed to refine and finalize the criteria for a new clubhouse, critique and evaluate the current financial projections, and otherwise inform the instructions that would be provided to the professional(s) responsible for preparing the Phase One materials. Conceptual drawings will be shared with membership for review and comment before formal costing quotations are obtained.
- It is possible that industry experts may direct us towards a different size and/or price of facility which would have a corresponding impact on the level of assessment and potential timeline to construction. Reliable information regarding cost will be essential to ensuring that members can vote on an informed basis.

Phase Two: Conditional upon a successful Phase One vote, and following distribution of Phase One materials to the membership, a further vote of shareholders would be held to determine support for the construction of a new clubhouse, including a monthly assessment targeted at a rate of \$50.

- It is anticipated that the Phase Two vote will take place sometime in 2021.

A virtual Open House event will be held on April 21, 2021, in advance of the Phase One Vote, scheduled for May 8, 2021. If you have questions or if you need a copy of the full Business Case, please call the Club or contact Rob Mason rob@stthomasgolf.com.

CONCLUSION

Determining next steps associated with our clubhouse is a critically important decision that will require the attention of all of our members. Spring 2021 is an exciting time for our Club as we imagine our future vision for the clubhouse together with you. All members are encouraged to review the full Business Case and attend the Open House event. Most importantly, **all members are encouraged to vote on May 8, 2021.**

