

# CITY OF DELRAY BEACH

GOLF COURSE REDEVELOPMENT WORKSHOP PRESENTATION

RFP NO/ 2022-053



FEBRUARY 22, 2023

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[www.delraybeachgolfcourseredevelopment.com](http://www.delraybeachgolfcourseredevelopment.com)

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# 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)
<b>Bobby Jones Links/ Mill Creek</b>	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
<b>CGHP Developments &amp; Hensel Phelps</b>	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)
<b>Heatherwood Luxury Rentals</b>	Heatherwood / 39 years with 2 thirty-year options	18-hole Championship Par and yardage not provided	Renovate existing 15,000 SF	Not provided	\$4750 - \$6750	Restored	\$16,000 years 1 – 6, \$50,000 years 7 onward including 2% increase annually
<b>Related Group</b>	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
<b>Bobby Jones Links/ Mill Creek</b>	650 units	130 workforce units (20%) 120% AMI	N/A	N/A	8,000 SF retail / restaurant	Private: 10 acres Public: 138.52 acres
<b>CGHP Developments &amp; Hensel Phelps</b>	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
<b>Heatherwood Luxury Rentals</b>	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
<b>Related Group</b>	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 BENEFITS

Bobby Jones Links / Mill Creek	CGHP Developments & Hensel Phelps	Heatherwood Luxury Rentals	Related Group
<ul style="list-style-type: none"> <li>• Estimated 500+ new temporary and permanent jobs</li> <li>• Junior camps/programs</li> <li>• Junior, beginner, minority, high school and disabled golfer instruction and tournament programs</li> <li>• Clubhouse will serve as an events venue and community meeting space</li> <li>• PGA America’s “Play Golf America” initiatives (e.g., Patriot Day, Family Golf Month)</li> <li>• Workforce housing</li> </ul>	<ul style="list-style-type: none"> <li>• Estimated 1,086 new jobs</li> <li>• New walking/biking trail with full access to non-golfers</li> <li>• Supplier and workforce diversity</li> <li>• After school golf programs for high school and college students</li> <li>• Clubhouse will serve as an events and community venue</li> <li>• Entertainment Center</li> <li>• Walking and biking trails</li> <li>• Mixed income housing</li> </ul>	<ul style="list-style-type: none"> <li>• Estimated 630 to 730 new direct, indirect and induced jobs annually</li> <li>• Range of \$111 million to \$113 million annually in overall economic output (IMPLAN 2022) during construction period</li> <li>• Clubhouse will serve as events venue</li> <li>• City Resident tee time priority days</li> <li>• City resident incentive for junior/student and senior play</li> <li>• Guaranteed City resident/community league and instruction time</li> <li>• Cross promotion of local businesses/City events and programs</li> <li>• Public access program for recreation and entertainment</li> <li>• Pedestrian / bicycle connection “Preferred Bike Route Destinations Map”</li> </ul>	<ul style="list-style-type: none"> <li>• Job creation estimates not provided</li> <li>• Inclusion in hiring practices and business conduct</li> <li>• Clubhouse will serve as community and event venue</li> <li>• Electric car chargers</li> <li>• Workforce housing</li> </ul>



# 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
<b>Capital Budget</b>				
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
<b>Financial Benefit to City Overview</b>				
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
<b>FINANCIAL BENEFIT TO CITY NPV @ 5.00% [99 Years]</b>				
Net Present Value	<b>\$82,701,678</b>	<b>\$69,230,209</b>	<b>\$72,482,200</b>	<b>\$74,318,313</b>
<b>FINANCIAL BENEFIT TO CITY TOTAL (NON-DISCOUNTED - 10 YEARS)</b>				
Total Proceeds	<b>\$40,538,774</b>	<b>\$13,315,962</b>	<b>\$24,439,023</b>	<b>\$26,643,918</b>
<b>FINANCIAL BENEFIT TO CITY TOTAL (NON-DISCOUNTED - 30 YEARS)</b>				
Total Proceeds	<b>\$108,587,011</b>	<b>\$83,182,177</b>	<b>\$91,482,141</b>	<b>\$94,193,661</b>



# 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
<b>Total annual (stabilized) revenue to the City: \$960k</b>
<b>*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.</b>



### 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



# 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 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
<b>Bobby Jones Links / Mill Creek</b>	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
<b>CGHP Developments &amp; Hensel Phelps</b>	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
<b>Heatherwood Luxury Rentals</b>	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
<b>Related Group</b>	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

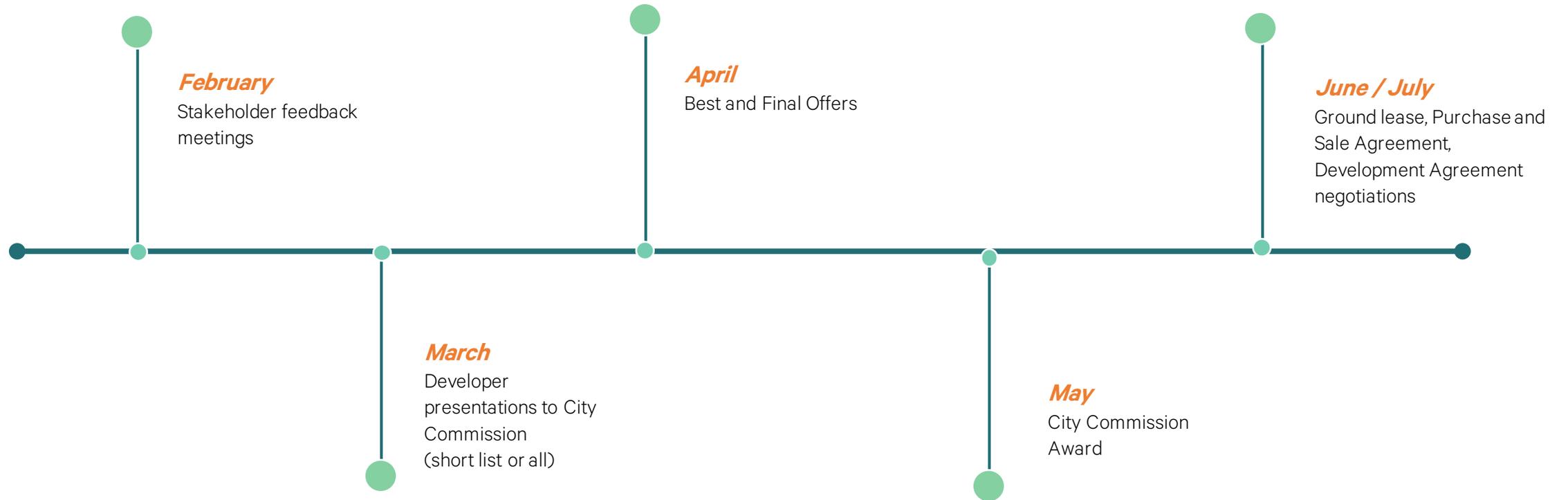


# FINAL EVALUATION COMMITTEE SCORE AND RANKING

PROPOSER	SCORE	RANK
CGHP Developments & Hensel Phelps	259	1
Bobby Jones Links / Mill Creek	255	2
Related Group	238	3
Heatherwood Luxury Rentals	218	4



# TIMELINE AND NEXT STEPS



# DEVELOPMENT REVIEW SUMMARY

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