



# Acquisition Proposal El Conquistador Country Club

December 17, 2014

# The Property - Review



- ④ 31,475 sq ft building (La Cañada)
- ④ 5,600 sq ft building (Hilton location)
- ④ 324 acres of land
- ④ 31 lighted tennis courts
- ④ 2 heated swimming pools



# Ownership and Management Plan



- Town of Oro Valley Acquisition \$1M – cash paid over three years
  - Parks & Recreation Department
    - Community & Recreation Center
    - 15 tennis courts
    - 2 swimming pools
  - Troon contract to include
    - Golf course (45-holes)
    - Restaurant
    - 16 tennis courts (hotel)



# Due Diligence



- ☞ Thorough inspections of buildings at both locations
- ☞ Thorough inspections of the golf courses, tennis courts, kitchen, and swimming pools
- ☞ Draft operations and maintenance budget
- ☞ Extensive title/zoning research
- ☞ Development of a 10 year CIP
- ☞ Complete financial analysis
- ☞ Property appraisal
  - \$3.25M market value
  - \$42M replacement value



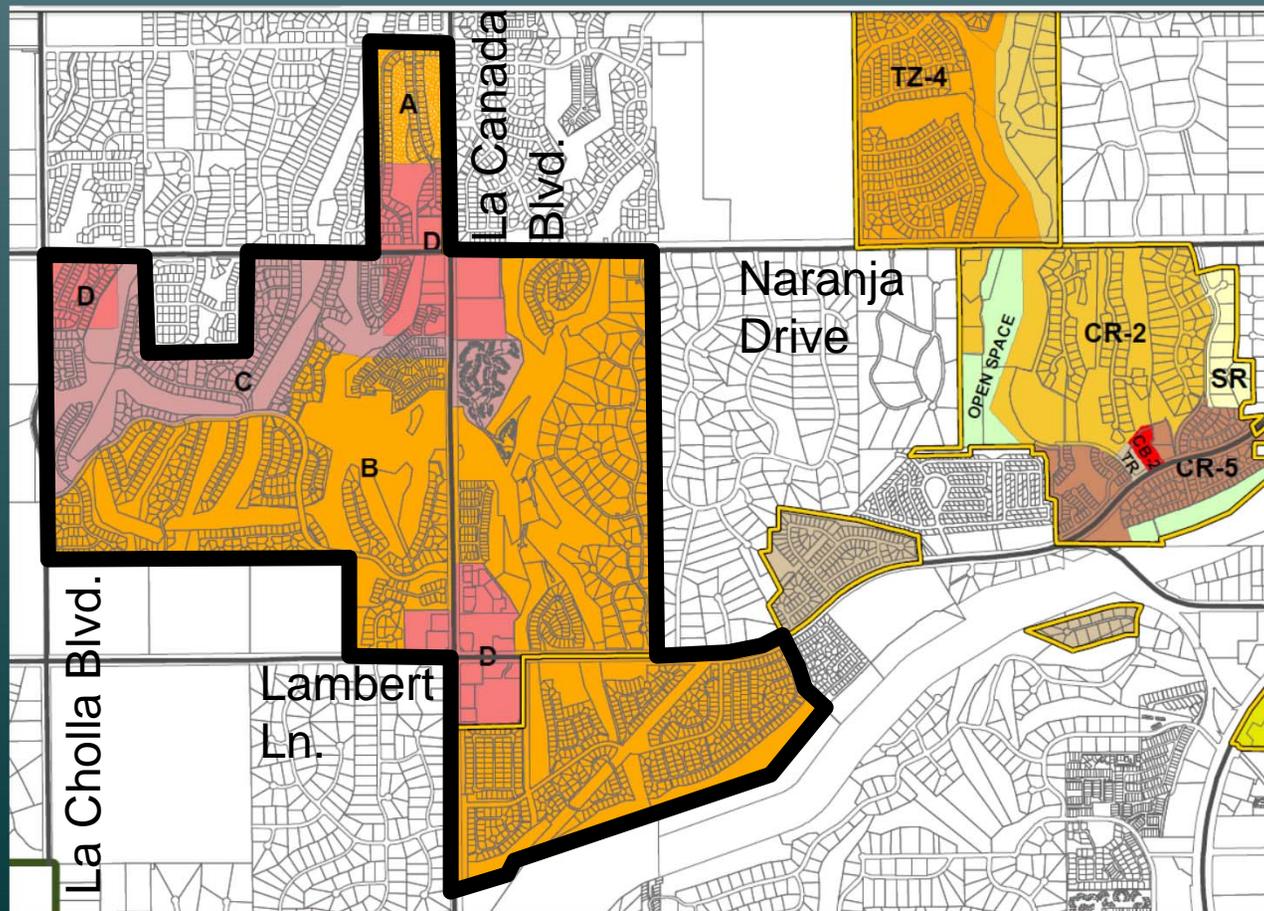




# Current Zoning and Entitlements



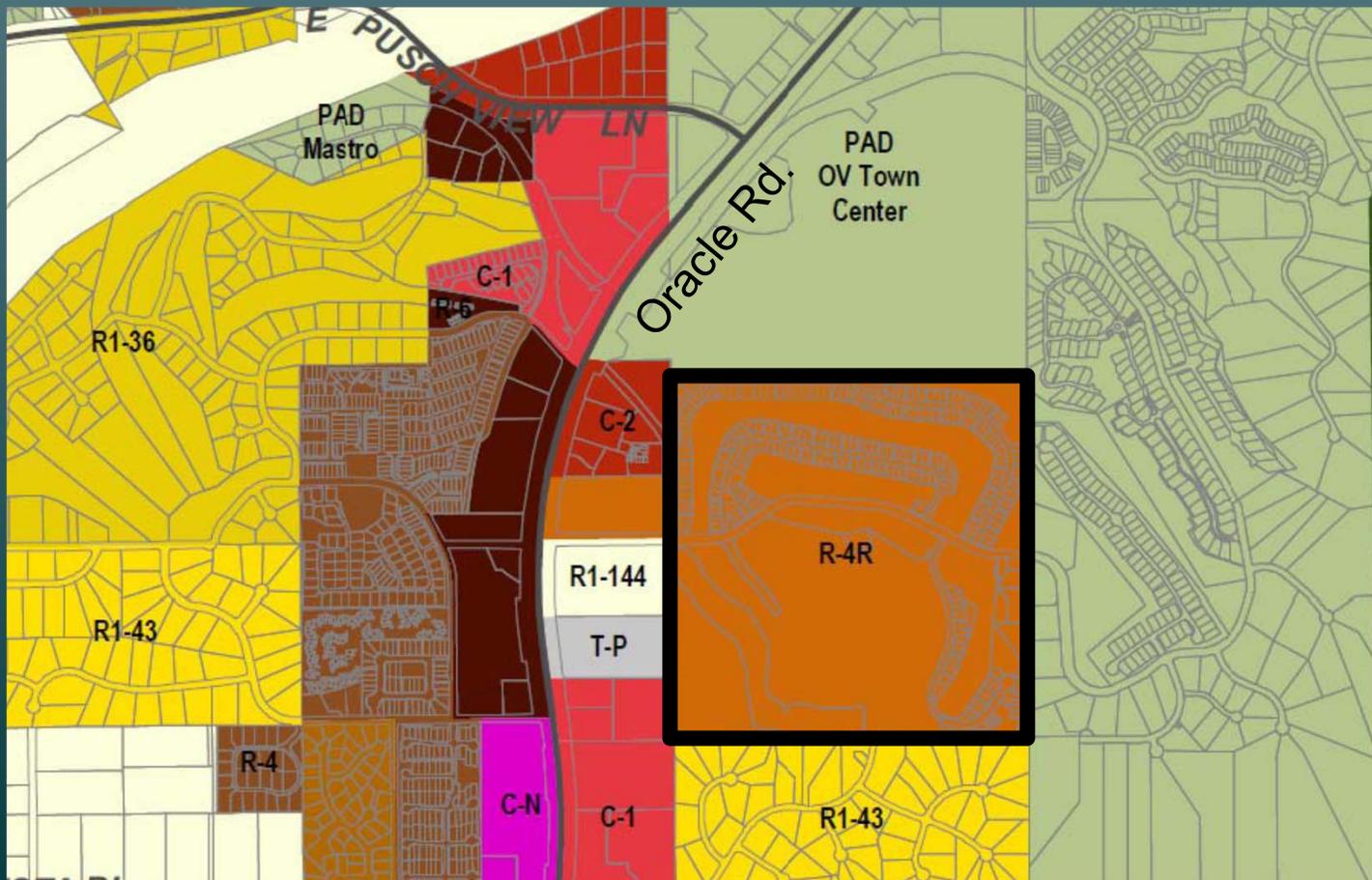
## El Conquistador Planned Area Development Area Designations



# Current Zoning



## Hilton Resort and El Conquistador Patio Home Zoning



# Current Zoning



## Summary of Permitted Uses over the 36 holes within the El Conquistador P.A.D.

(Dependent on the sub-areas)

- ☉ Residential dwelling units and accessory structures,
- ☉ Commercial and public offices,
- ☉ Service retail uses,
- ☉ Religious institution,
- ☉ Restaurants,
- ☉ Recreational facilities,
- ☉ Social center buildings,
- ☉ Hotel,
- ☉ Golf course,
- ☉ Clubhouse and related golf course facilities.
- ☉ Office and retail uses may include, with the exception of hotels, those uses permitted in the C-2 Commercial District of the OVZCR.
- ☉ Equestrian and stable facilities
- ☉ Resort hotels and Western Town with equestrian activities

Permitted appurtenant uses include:

- Small retail shops,
- Restaurants,
- Cocktail lounges with live music and/or patron dancing,
- Day nursery,
- Game center,
- health studio or fitness center,
- Satellite receiving earth station,
- Stable and equestrian facilities an exhibition arena.

# Current Zoning

## El Conquistador P.A.D. Continued



### Summary of allowed Conditional Uses pending approval of a C.U.P.

A use is designated as a “convenience use” if the method of operation includes one (1) or more of the following characteristics:

- ④ Gas Station.
- ④ The primary business is the sale of food or drink for consumption, either on or off premises, over a counter, or from an outdoor service window or automobile service window. Of the food and drink sold, at least 20 percent is in disposable or carry out containers.
- ④ Drive-in and drive-through restaurants.
- ④ Stores less than 7,500 square feet where food and drink, which may include packaged alcoholic beverages, are sold. Such items are sold primarily for consumption off premises.
- ④ All other drive-through uses including drive-through liquor store, drive-through laundry/dry cleaners and drive-through video stores.
- ④ Delicatessens.

# Current Zoning



## Summary of Permitted Uses over the 9 holes by the Hilton Resort

### Regular Oro Valley Zoning Code – R-4R Zoning(Resort District)

- ☉ Community residence,
- ☉ Home occupation,
- ☉ Single-family dwelling having either party walls or walled courtyards,
- ☉ Temporary real-estate office,
- ☉ Private garages,
- ☉ Religious institutions,
- ☉ Guest ranches,
- ☉ Hotels,
- ☉ Motels,
- ☉ Resorts,
- ☉ Antennas,
- ☉ Minor communication facilities,
- ☉ Accessory uses (i.e. golf course and other resort amenities).

### Uses permitted with an approved Conditional Use Permit:

- Model homes,
- New utility poles and above ground wires,
- Boarding house or lodging house,
- Short term rental properties,
- Time share units
- Major communication facilities.

# 2005 General Plan Elements 8 & 9



## 8.0 PARKS AND RECREATION FACILITIES AND ACTIVITIES

Oro Valley's population is growing and the demographics are changing, with various age families moving into the community. Existing parks and recreational amenities within the Town of Oro Valley do not currently meet the needs of its residents. The following facilities have been mentioned:

- ☉ **Recreation centers**
- ☉ Neighborhood parks
- ☉ Mini parks
- ☉ Pet parks
- ☉ Playing fields (soccer, baseball, and basketball)
- ☉ Picnic areas
- ☉ Swimming pools
- ☉ Facilities for children
- ☉ Mandatory parks in new housing developments
- ☉ Recreational and fitness trail facilities in open or park space, and
- ☉ **Possibly a public golf course**

# 2005 General Plan



- 8.3.5 The Town shall encourage public gatherings in Town parks for social, educational and other community events and to design new parks to accommodate these gatherings.
- 8.6.1 The Town shall cooperate with other jurisdictions, resource management agencies, school districts, and private organizations to develop joint-use and multiple-use facilities that benefit and address the recreational and social needs of the community. (See also Policy 6.2.5.)

## **9. ARTS AND CULTURE KEY POLICY ISSUES: ARTS AS A BRIDGE**

- There is an opportunity to use the arts as a bridge to all segments of the community through festivals, concerts, and local cultural events that bring people together.
- To this end, land and/or facilities for community arts gathering places are needed.

# Community Outreach and Input



- 🌀 El Conquistador Club Membership Meeting
- 🌀 Oro Valley Chamber of Commerce Board Meeting
- 🌀 Sun City Oro Valley Board Meeting
- 🌀 200+ Community email/social media/walk-in visitors/phone calls
- 🌀 On-line resources
  - Troon financial projections
  - FAQ and project overview
  - Press releases
  - Dec. 3 presentation



# Organizational Input



- ☉ Parks & Recreation Advisory Board
  - 2 yes, 1 no, 3 abstentions, 1 absent
- ☉ Oro Valley Chamber of Commerce Board
  - Supports acquisition
- ☉ Visit Tucson
  - Supports acquisition



# AZ Community Recreation Centers by the numbers



	Cost	Square Footage	O&M COST	Revenue	Revenue Recovery
Chandler	\$13m	62,000	\$1.5m	\$825K	55%
Glendale Foothills	\$16m	78,000	\$1.9m	\$1.48m	78%
Maricopa's Copper Sky Recreation Ctr.	\$22.8m	52,000	\$2.5m	\$625K	75%
Cottonwood Multi-Gen	\$17m	54,000	\$1.3m	\$950K	70-75%

# Estimated Revenue and Expenses Community & Recreation Center



<b>Revenue</b>	
• Memberships	\$ 943,850
• Registration Fees	25,600
• Drop-In Fees	27,550
• Rentals/Contracts/ Tournaments	28,400
<b>Estimated Revenue</b>	<b>\$1,025,400</b>
<b>Expenses</b>	
• Personnel	\$ 732,989
• Operations & Maintenance	318,000
<b>Estimated Expenses</b>	<b>\$1,050,989</b>
<b>Profit/&lt;Loss&gt;</b>	<b>&lt;\$25,589&gt;</b>



# Capital Improvements – Facilities

## 5-year forecast



Work	FY 14/15	FY 15/16	FY 16/17	FY 17/18	FY 18/19
ADA and Code Compliance Life Safety Issues	381,000	445,000	69,000	142,000	106,000
Facility Restoration	139,000	49,000	150,000	184,000	332,000
Required Operational Modifications/Upgrades	90,000	6,000	221,000	90,000	20,000
Facility interior refresh – paint, carpet, etc.	100,000				
Ongoing Maintenance	50,000	50,000	50,000	50,000	50,000
<b>Total</b>	<b>760,000</b>	<b>550,000</b>	<b>490,000</b>	<b>466,000</b>	<b>508,000</b>

# Troon Operating Projections

## Golf, Food/Beverage, Tennis



	<b>FY 15/16</b>	<b>FY 16/17</b>	<b>FY 17/18</b>	<b>FY 18/19</b>
<b>Revenues</b>	<b>\$ 4,395,666</b>	<b>\$ 5,351,670</b>	<b>\$ 5,940,719</b>	<b>\$ 6,552,265</b>
<ul style="list-style-type: none"> <li>• Golf fees</li> <li>• Member dues</li> <li>• Merchandise</li> <li>• Food/Bev</li> </ul>				
<b>Expenses</b>	<b>\$ 5,565,508</b>	<b>\$ 5,989,187</b>	<b>\$ 6,091,839</b>	<b>\$ 6,335,216</b>
<ul style="list-style-type: none"> <li>• Cost of Goods</li> <li>• Personnel</li> <li>• O &amp; M</li> <li>• Insurance</li> <li>• Base Mgmt Fee</li> </ul>				
<b>Profit/(Loss)</b>	<b>(\$ 1,169,842)</b>	<b>(\$ 637,517)</b>	<b>(\$ 151,120)</b>	<b>\$ 217,049</b>

# Capital Improvements - Golf

## 10-year forecast



Work	FY 14/15	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20
Drainage Improvements		30,000	30,000	30,000	30,000	30,000
Driving Range tees		30,000	30,000	25,000		
Canada Lake		20,000	15,000			
Conquistador pump station replacement		72,500	72,500			
Conquistador irrigation system replacement		775,000	775,000			
Canada green renovation		190,000	190,000			
Cart Path		50,000	40,000	40,000	40,000	40,000
Maintenance facility	50,000	50,000	50,000			
Desert landscape restor		45,000	45,000			
Tee leveling		48,000	35,000	35,000	35,000	35,000
<b>Total</b>	<b>50,000</b>	<b>1,310,500</b>	<b>1,282,500</b>	<b>130,000</b>	<b>105,000</b>	<b>105,000</b>

# Capital Improvements - Golf

## 10-year forecast (continued)



Work	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25
Drainage Improvements	50,000	50,000	50,000	50,000	50,000
Bunker renov (Conquis)		180,000			
Bunker renov (Canada)			265,000		
Green renov (Conquis)		425,000			
Cart Path	40,000	40,000	40,000	40,000	40,000
Canada pump station replacement		175,000			
Canada irrigation replacement	1,155,000	495,000			
Safety net replacement			25,000		
Desert landscape restor	45,000	45,000	45,000		
Tee leveling			62,500	62,500	
<b>Total</b>	<b>1,290,000</b>	<b>1,410,000</b>	<b>487,500</b>	<b>152,500</b>	<b>90,000</b>

# Financing Recommendation – Acquisition, Operations, Capital



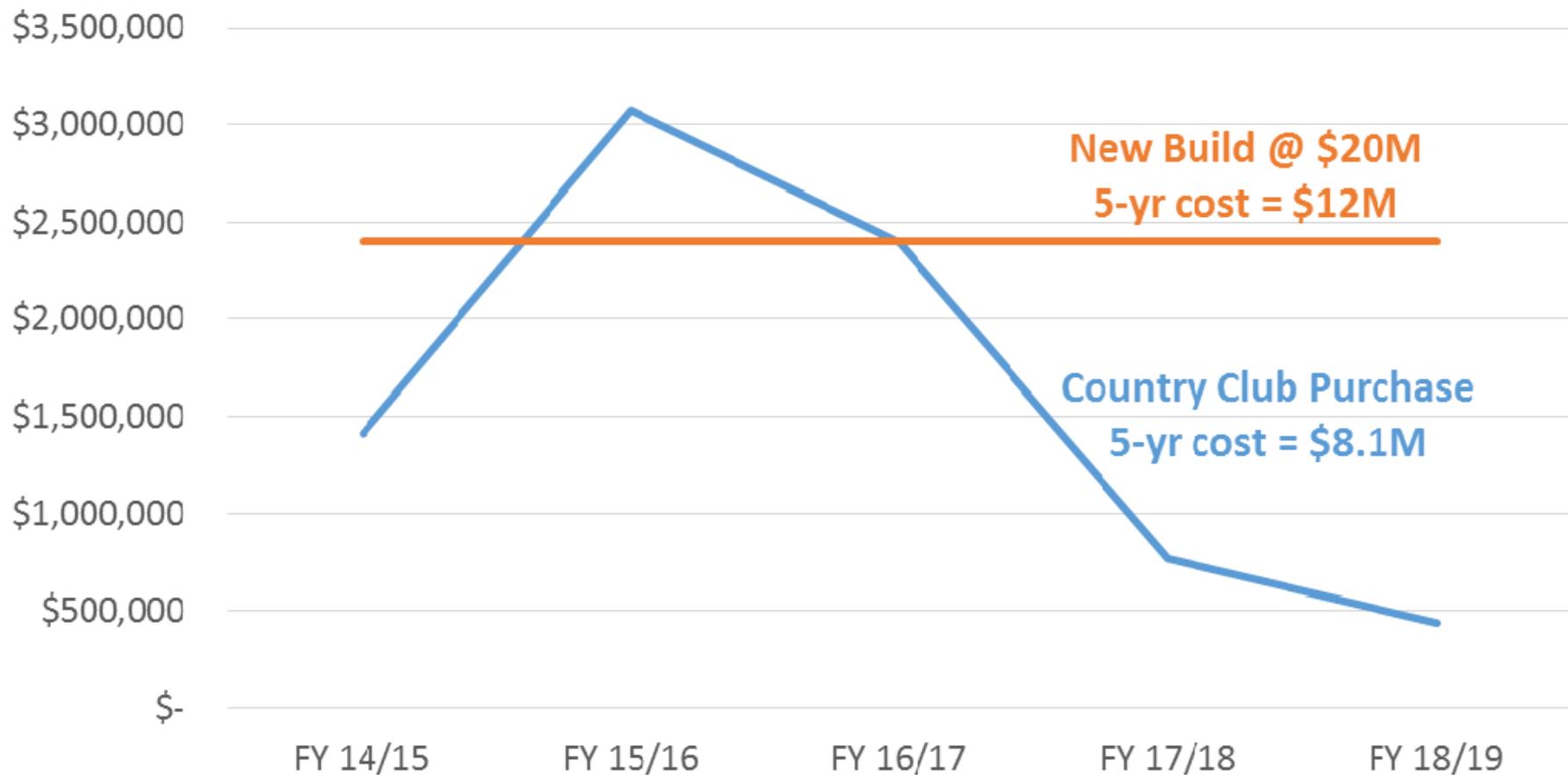
<b>Estimated Acquisition Payment Date</b>	<b>Amount</b>
July, 2015	\$ 300,000
July, 2016	\$ 350,000
July, 2017	\$ 350,000
<b>Total Acquisition Cost</b>	<b>\$ 1,000,000</b>

<b>Additional Proposed Revenue Source for Operations/Capital</b>	<b>Estimated Annual Amount</b>
0.50% Sales Tax Increase from 2% to 2.50%	<b>\$2,000,000</b>
	Allocated between operating subsidy and capital

# Community Center Cost Comparison - Purchase El Conquistador Country Club vs. New Build @ \$20M



Community Center Cost Comparison



# Implementation Strategy



## Implementation Timeline

- Mayor and council meeting Dec 17
- If approved, property transfer of ownership  
March 1, 2015





# Questions