



**Oro Valley Community & Recreation Center  
and  
El Conquistador Golf & Tennis**

**December 3, 2014**

# Opportunity



## Project Overview

- HSL Properties to purchase the Hilton El Conquistador Properties that include the Hotel, Fitness Center, Golf, and Tennis facilities
- HSL has interest in selling the Fitness Center, Golf, and Tennis facilities to the Town of Oro Valley
- The Town of Oro Valley would work with an operator to manage golf, a portion of tennis, and food & beverage
- The Town of Oro Valley would convert the fitness center and 15-tennis courts into Community & Recreation Center

# Community Survey Results

## June 2014 FMR Associates, Inc.



### 🌀 Parks & Recreation Statistically Valid Survey

Question: “Importance of constructing multi-use community centers with facilities for indoor recreation/fitness program”

Response: 51% very important and 34% somewhat important

### Order of importance

1. Rooms for aerobics, yoga, similar classes
2. Indoor courts such as racquetball/handball, pickleball, basketball
3. Cardio and weight facilities
4. Meeting rooms and classrooms

# The Property



- 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



# The Property Community & Recreation Center



## Meeting and Social Gathering Areas



## Recreation and Wellness



# The Property Golf, Tennis, and Restaurant

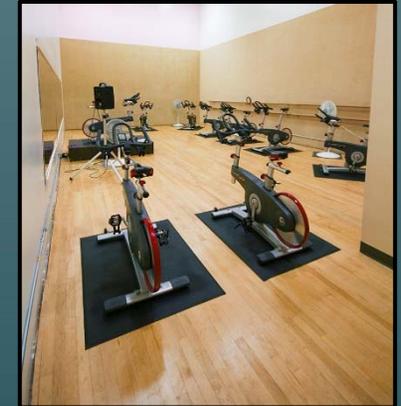


# Property Description



## 🌀 Fitness & Tennis Complex

- Meeting/class rooms
- Racquetball/multiuse courts
- Dance/fitness room
- Cardio/strength equipment
- 31-lighted tennis courts (15 at center and 16 at hotel)
- 2-heated pools (1 lap pool and 1 leisure pool)
- Children's activity room



# Property Description



- ☞ Golf Courses (45-holes)
  - Conquistador Course at La Cañada Property (18-holes)
  - Canada Course at La Cañada Property (18-holes)
  - Pusch Ridge Course at Hotel Property (9-holes)
  - Clubhouses (one at each location)
- ☞ Restaurant (La Cañada Property)
  - Full service restaurant and bar
  - Café



# Ownership and Management Plan



- Town of Oro Valley Acquisition \$1M
  - Fitness & tennis complex
  - Golf courses
  - Restaurant



- Town of Oro Valley Parks & Recreation Department will manage
  - Community & Recreation Center
    - 15-tennis courts
    - 2 swimming pools
  - Vendor Contract to include
    - Golf course (45-holes)
    - Restaurant
    - 16-tennis courts (hotel)



# Revenue and Expenses Community & Recreation Center



<b>Estimated Revenue</b> <ul style="list-style-type: none"><li>• Memberships</li><li>• Daily drop In</li><li>• Tournaments</li><li>• Rentals</li></ul>	<b>\$1,025,000</b>
<b>Estimated Expenses</b> <ul style="list-style-type: none"><li>• Personnel</li><li>• Operations &amp; Maintenance</li></ul>	<b>\$1,050,000</b>
<b>Profit/&lt;Loss&gt;</b>	<b>&lt;\$25,000&gt;</b>



# Revenue and Expenses Vendor Contract



## Estimated Revenue

- Memberships
- Fees
- Tournaments
- Range, rental
- Merchandise sales

**\$4 - \$4.4M**

## Estimated Expenses

- Personnel
- Operations & Maintenance
- Leases
- Utilities
- Base management fee

**\$5.2 - 5.6M**

**Profit/<Loss>**

**<\$1.0 - 1.3M>**



# Capital Improvements – Facilities

## 5-year forecast



Work	FY 14/15	FY 15/16	FY 16/17	FY 17/18	FY 18/19	Future
ADA and Code Compliance Life Safety Issues	518,000	11,300		141,800	35,000	
Facility Restoration	19,100	299,500	227,400	183,200	129,800	448,000
Required Operational Modifications	35,000	103,200	105,400	89,600	177,200	
Ongoing Maintenance	85,000	85,000	85,000	85,000	85,000	
Operational Upgrades			80,800			4,027,000
<b>Total</b>	<b>657,100</b>	<b>499,000</b>	<b>498,600</b>	<b>499,600</b>	<b>427,000</b>	<b>4,475,000</b>

# Capital Improvements - Golf

## 5-year forecast



Work	FY 14/15	FY15/16	FY16/17	FY 17/18	FY 18/19	FY19/20
Drainage Improvements		30,000	30,000	30,000	30,000	30,000
Driving Range tees		60,000		25,000		
Canada Lake		35,000				
Conquistador pump station replacement		145,000				
Conquistador irrigation system replacement			1,550,000			
Conquistador green renovation					380,000	
Cart Path		50,000	40,000	40,000	40,000	40,000
Maintenance facility	50,000	50,000	50,000	50,000		
Tee leveling		48,000	35,000	35,000	35,000	35,000
<b>Total</b>	<b>50,000</b>	<b>418,000</b>	<b>1,705,000</b>	<b>181,000</b>	<b>485,000</b>	<b>105,000</b>

# Financing Recommendation – Acquisition, Operations, Capital



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

Additional Proposed Revenue Source for Operations/Capital	Estimated Annual Amount
0.50% Sales Tax Increase from 2% to 2.50%	<p><b>\$ 1.6 - \$2.0M</b></p> <p>\$1.2 - \$1.5M—annual operating subsidy \$ 500,000 - \$800,000 – annual capital</p>

# Implementation Strategy



## Implementation Timeline

- Mayor and Council meeting Dec 17
- Anticipated property acquisition early 2015
- Anticipated improvements early 2015
- Anticipated Community & Recreation Center opening early 2015





# QUESTIONS?