

Fort Sheridan Update

May 10, 2011

Lake County Forest Preserves

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Fort Sheridan Forest Preserve Master Plan Advisory Committee

Board of Commissioners Report

May 10, 2011





In 2009, the Forest Preserve Board formed an Advisory Committee to review the issues and explore options for Fort Sheridan Preserve.

Advisory Committee's Charter

“The Committee will prepare, approve and forward a final report to the Forest Preserve Board of Commissioners, consisting of a recommended program and conceptual master plan of preferred future public uses for Fort Sheridan Forest Preserve, including a summary of options, analysis, opinions of probable construction costs, analysis of projected operating costs and revenues, and public input considered during the planning process.”



Advisory Committee representatives

Lake County Forest Preserve District Commissioners

Chair, Carol Calabresa, Board District 15

Anne Flanigan Bassi, Board District 23

Michelle Feldman, Board District 22

Susan Loving Gravenhorst, Board District 13

Municipal and Park District Representatives

Park District of Highland Park

City of Highland Park

Lake Bluff Park District

City of Lake Forest

City of Highwood

Town of Fort Sheridan Master Homeowners
Association

Ex-Officio Members: (Invited)

Mark Steven Kirk - United States
Representative - 10th District

William Brawner - U.S. Department of
the Army



Advisory Committee process and timeline

The Advisory Committee met formally 6 times between December 2009 and November 2010. The sessions were designed to develop shared objectives, identify a potential scenario to meet those objectives, and explore its feasibility.

Between meetings, public comments were gathered and tasks to help the committee (such as gathering information and performing analysis) were assigned and completed. A public open house was also held.

Advisory Committee Members and Forest Preserve staff spent at least 35 hours in formal meetings, and many more in preparation.



When the Advisory Committee began, the members' priorities for the site were in polar opposites -- an 18-hole golf course, or a typical forest preserve (incorporating natural areas, trails and public access).

Many committee members were very concerned that any scenario must be financially responsible.

“Wait and see” was not acceptable to any Committee member.

The committee agreed to develop and explore a compromise scenario as the path to fulfilling its charter and reaching consensus, while realizing the probability that no member would be 100% happy.



To come to a consensus , a compromise solution would need to satisfy the combined requirements of the Committee:

- Meets the deed restriction for golf
- Maintains open space and scenic lake views
- Provides public access to the bluffs and shoreline
- Protects and sustains the environment
- Provides a variety of recreation, consistent with other Lake County Forest Preserves (such as hiking, biking, bird watching)
- Provides long-term benefit for both the constituents of the original agreement as well as all Lake County residents
- Is fiscally responsible for the taxpayers



Forest Preserve staff, committee members and industry experts worked together to:

- Understand the unique features of the site, including the scenic views and history
- Develop different ways to configure the site to maximize the golf experience and the open space experience
- Ensure the options were environmentally sustainable



Result: a group of “blended” site scenarios which included a 9-hole golf course, public use trails and open space known as: “Designs 1, 2 and 2B.”

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The public weighed in and provided feedback throughout the process.

- Over 340 households across Lake County and neighboring counties submitted written comments.
- Over 150 people attended the public open house.
- Throughout the comments were equally divided between those supporting golf on the site and those supporting open space.
 - In the last two months of the process, the number of open space supporters increased.

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- Golf proponents cared most about:
 - the County's legal obligation to build a course,
 - the need to keep the promise to build an 18-hole course, and
 - that residents had bought their property based on the promise of a golf course.
- Open space proponents care most about:
 - decreasing demand for golf and the excess supply of courses in the area,
 - the fiscal irresponsibility of spending money on a golf course,
 - how golf would benefit only a few of the county residents, and
 - how the unique site should remain natural and be a preserve.
- Golf proponents were generally willing to compromise on the "2B" 9-hole blended scenario; open space proponents were not.

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The scenario that the Advisory Committee felt best met the shared objectives and was the best compromise was Scenario “2B.”





The final discussion for the committee centered on if the scenario met the final criteria:

“Is it fiscally responsible for the taxpayers?”

The committee reviewed a detailed report that compiled all of the data and analysis on:

- Land use
- Golf market research and trends
- Estimated costs, cost-benefit analysis and financing option
- Public opinion

Forest Preserve staff and consultants will share this detailed information with you later in this presentation.



The fiscal and financing analysis showed that there would be significant fiscal challenges for the County to implement the blended 2B scenario:

- Low Net Operating Income Before Debt Service (\$20,000 to \$26,000 range annually)
- Annual debt service of \$600,000 each year for 25 years
- Expected shift of play from other municipal and park district area golf courses, resulting in lost revenue for those courses

Given this analysis the group realized that it would not be fiscally responsible for the District to publicly finance implementation of the compromise blended 2B scenario.



Ultimately, despite the fact that the committee took its assignment seriously worked long and hard, listen to the public and experts and conducted robust discussions, it could not come to consensus on a recommendation for the site.

- 5 committee members were willing to compromise and support scenario 2B
- 2 were only willing to support an 18-hole golf course
- 2 were only willing to support maintaining the site as a traditional forest preserve
- One felt that no decision should be made at this time because of uncertainties in the economy and golf market

However, no Committee member disagreed with a **next step option of pursuing privatization** to find out if a commercial golf course company would be willing to finance construction and operation of the blend 9-hole golf course option.

They also realized that whatever decision is made, a significant portion of the public and stakeholders will not be happy,

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Advisory Committee Recommendation to the Board of Commissioners

- Issue an RFP for privatization to see if private developers are willing to construct and operate the golf course portion included in Concept 2B.





Ft. Sheridan Project - Funding

Tom Hahn

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Funding Sources (FY 2003-2004)	Golf Course	Public Access, Restoration, Environmental, Legal, Remedial & Cemetery	Total
Development Bond Funds		\$ 5,500,000	\$ 5,500,000
Development Bond Fund interest	\$ 2,452,070		\$ 2,452,070
Land Development Levy Fund		\$ 335,000	\$ 335,000
Fort Sheridan Cemetery Fund		\$ 200,000	\$ 200,000
Debt Service Fund interest	\$ 389,580		\$ 389,580
Golf Course projected bank loan	\$ 5,592,410		\$ 5,592,410
Original Funding Subtotal	\$ 8,434,060	\$ 6,035,000	\$14,469,060

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Additional Funding New Since 2003-2004	Golf Course	Public Access, Restoration, Environmental Legal, Remedial & Cemetery	Total
Insurance Fund for environmental costs		\$ 293,660	\$ 293,660
Tree replacement settlement		\$ 320,000	\$ 320,000
USEPA ravine restoration grant		\$ 75,000	\$ 75,000
Dirt pile remediation, earth moving, demolition		\$ 1,750,000	\$ 1,750,000
Additional Funding Subtotal		\$ 2,438,660	\$ 2,438,660
Original Funding Subtotal	\$ 8,434,060	\$ 6,035,000	\$14,469,060
Updated Funding Total	\$ 8,434,060 (includes \$5.5 million loan)	\$ 8,4473,660	\$16,907,720

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Expenditures	Public Access, Restoration, Environmental Legal, Remedial & Cemetery
Public access, restoration, tree replacement, legal and cemetery improvements	\$ 5,254,440
Dirt pile remediation, earth moving, demolition	\$ 2,135,915
Environmental costs (Insurance Fund)	\$ 293,660
Total through 10/31/2009	\$ 7,684,015

Funding Still Available	Public Access, Restoration, Environmental Legal, Remedial & Cemetery
Total	\$ 789,645

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Expenditures (total from 10/2001)	Golf Course
Golf course & maintenance building design, engineering & architect, and other costs	\$ 781,480

Funding Still Available	Golf Course
Bond & debt service interest earnings allocated for golf course	\$ 2,060,170
Bank loan required to complete golf course. Amount to be determined by project costs.	TBD

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	Golf Course	Public Access	Total
Amount Remaining	\$2,060,170	\$789,645	\$2,849,815



Project Cost Estimate – Mike Fenelon

Based on Option 2-B.

- **Golf Course Construction Costs**

Developed by Lohmann Golf Designs, Inc.

- **Public Access and Other Site Costs**

Developed by Planning, Conservation and Development

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Project Cost Estimate – 9-hole Golf Course

Project Element	Direct Golf Cost	General Public Benefit Cost	Total Cost
9-hole Golf Course	\$6,768,000	\$100,000	\$6,868,000

Includes:

- Golf course construction
- 1.5% insurance and bonds
- 10% contingency and escalation
- Golf architect design services
- Golf and site equipment
- Golf course specialty accessories
- Engineering and irrigation design services
- ComEd electrical design service for irrigation pumps
- Pre-opening grow-in period



Project Cost Estimate – Buildings and Utilities

Project Element	Direct Golf Cost	General Public Benefit Cost	Total Cost
Buildings and utilities	\$1,614,000	\$1,058,000	\$2,672,000

Includes:

- Natural resource and maintenance center
 - Pre-engineered building (9,000 square feet) and storage bins
 - Utility service and fuel storage; landscaping and fencing
- Clubhouse
 - Prefabricated building, deck, furnishings and equipment
 - Utility service and connection fees
- Golf cart area (secured outdoor); and evaporator restroom
- 10% contingency and escalation
- Architect redesign fees



Project Cost Estimate – Site Work & Public Access

Project Element	Direct Golf Cost	General Public Benefit Cost	Total Cost
Site work/general public access	\$1,824,000	\$2,677,000	\$4,501,000

Includes:

- Trails (2.2 miles), bridges and overlooks construction
- Road, parking and storm drainage
- Electrical installation and Cliff Road repair
- Clubhouse/entrance road site work and landscaping
- Split rail fencing along Sheridan Road
- Engineering fees for site
- Permits and other owner costs
- 10% contingency and escalation



Project Cost Estimate – Junior Course

Project Element	Direct Golf Cost	General Public Benefit Cost	Total Cost
Junior course	\$170,000	\$112,000	\$282,000

Includes:

- Course construction
- 10% contingency and escalation



Total Project Cost Estimate

Project Element	Direct Golf Cost	General Public Benefit Cost	Total Cost
9-hole Golf Course	\$6,768,000	\$100,000	\$6,868,000
Buildings & Utilities	\$1,614,000	\$1,058,000	\$2,672,000
Site Work & General Public Access	\$1,824,000	\$2,677,000	\$4,501,000
Subtotal 9-hole Golf Course	\$10,206,000	\$3,835,000	\$14,041,000
Junior Course	\$170,000	\$112,000	\$282,000
Total 9-hole Golf Course with Junior Course	\$10,376,000	\$3,947,000	\$14,323,000



Fort Sheridan 9-Hole Golf Financial Model

by Chris Brewer

The 9-Hole Concept Business Plan

Key Questions:

- Nature of the driving range / practice facility
- Will the course play like 9 or play like 18
 - Quality, length, risk / reward play into the decision
 - Layout of alternative tee boxes will be critical

Proposed 9-Hole Scenario



- Financial Model Revenue Assumptions:
 - Course opens 4-5 years from today
 - 27,500 rounds – full season
 - In-season weekend fee: \$24 for nine holes, excluding cart
 - Cart utilization at 30% / \$12.50 per round
 - Temporary clubhouse – café / bar service @ \$4.50 per round
 - Modest merchandise sales @ \$1 per round
 - No driving range / practice facility revenue is assumed
- Financial Model Expense Assumptions:
 - Assumptions include general and administrative, golf operations, maintenance, marketing, and replacement reserves
 - Assumes grow-in expenses are amortized with construction budget

Proposed 9-Hole Scenario Implications

Forecast Results / Year 1: Concepts 2A / 2B

- 27,500 rounds
- Effective gross income: \$680,000
- Operating expenses: \$660,000
- Forecast: modest operating profit
 - Insufficient net operating income to cover \$685,000 of annual debt service
- Impact on local courses:
 - Less compared to 18-hole scenarios for Fort Sheridan
 - Short term 5% to 10% impact on other courses
 - Pressing need to grow revenue per round

The 9-Hole Concept Business Plan

Youth Golf Learning Center (Concept 2B)

- Would support development of junior golf
- Acknowledged challenge: where do the kids play?
- Typical business models
 - Driving range
 - Lessons / fee based programs
 - Memberships
 - Partnerships with area schools / park agencies
 - Donations / sponsorships
- Likely outcomes:
 - As a driving range / practice facility: modest profitability
 - As a youth golf practice facility: subsidy should be assumed



Overall Financial Impact to District

Bonnie McLeod



Funding Option I

- Use remaining \$2,849,815 from original funding plan
 - \$789,645 for General Public Benefit Improvements
 - \$2,060,170 for Golf Course construction
- General public benefit cost \$3,947,000
 - Apply Remaining funds (789,645)
 - Balance of \$3,157,355 funded by re-allocation of capital improvement funds



Funding Option I - continued

- Golf Course construction cost \$10,376,000
 - Apply Remaining funds (\$ 2,060,170)
 - Loan for balance of \$8,316,000 plus \$650,000 for loan issuance cost and 1 year capitalized interest.
Loan backed by revenue and good faith of District.
 - Annual debt service \$684,800 for 25 years
 - Available from Ft. Sheridan Operation \$20,000
 - Required annually from District Operating Funds \$664,800 (General Corporate or Development)



Funding Option 2

- Same as Option 1 except no junior course; drops annual debt service to \$667,300
 - Available from Ft. Sheridan operations \$20,000
 - Required annually from District Operating Funds \$647,300 (General Corporate or Development)



Funding Option 3

- District issues a Request for Proposals (RFP) to golf management and construction companies for Design Concept 2-B construction, financing and operations.
- Legal, consulting and analysis costs for issuance and evaluation of RFP

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Discussion & Questions