

# TEWANTIN NOOSA BOWLS CLUB INC

## COVERED GREENS

*Note: This report had originally been prepared for the Management Committee and for the Greens sub-Committee*

*The body of this report is presented in various fonts and has morphed into a multi-purpose document*

*Red is used to highlight key points*

*Blue is used to highlight how improvements to the Clubhouse may be integrated into the plans for greens conversion*

### THE REASONS WHY

#### A PROVIDES AN ALL WEATHER FACILITY

[1] PROTECTION FROM THE SUN AND RAIN ALLOWING GREATER PLAYER PARTICIPATION

[2] ALLOWS NIGHT PLAY IN ALL SEASONS RATHER THAN JUST IN LATE SPRING & SUMMER

[3] AVOIDS CANCELLATION OF EVENTS CAUSING DECLINE IN GREEN FEE INCOME, BAR AND GAMING REVENUE

[4] A CONSISTENT AND PREDICTABLE SCENE ALLOWING MORE EFFECTIVE STAFF ROSTERING

[5] GIVING AN IMPORTANT OPTION FOR TOURISTS WITH CERTAINTY OF PLAY

#### B PROVIDES OPPORTUNITY TO INCREASE MEMBERSHIP FROM THE RETIRED COMMUNITY THROUGH THE AVAILABILITY OF A SPORT SUITABLE TO ALL AGES AND WITH THE ALL WEATHER ATTRIBUTES DESCRIBED AT [A]

#### C PROVIDES OPPORTUNITY TO EXPAND MARKETING FOR BAREFOOT BOWLING AND OTHER BOWLING ACTIVITIES FOR MEMBERS AND NON-MEMBERS

#### D PROVIDES IMPROVED OPPORTUNITIES FOR INVOLVEMENT OF SCHOOLS IN THE SPORT

#### E PROVIDES RELIEF FROM THE INCREASING COSTS OF MAINTAINING GRASS GREENS

#### F PROVIDES OPPORTUNITY FOR THE GREENS TO BE A VALUABLE INCOME STREAM FOR THE CLUB ONCE INITIAL BORROWING COSTS ARE CLEARED

**G PROVIDES OPPORTUNITY FOR ALTERNATE USE OF THE AREA OF THE THIRD GREEN CREATING THE PROSPECT OF AN ADDITIONAL INCOME STREAM**

While it may be enough for some individual members to look at [A] and decide that this is the most important aspect, but it is not the most compelling one; quite the contrary because each and every one is important. The Club must have a broader perspective and appreciate that the

**OBJECT SHOULD BE TO GUARANTEE THE FUTURE OF BOWLS AND THE CLUB**

A broader perspective will give balance and allow all aspects to dovetail to form a solid plan.

**THE WORD OPPORTUNITY CROPS UP OFTEN**

**FUNDING ARRANGEMENTS**

Bowlers would have read or heard about the description of the members of a fours team, where each member is characterised as the most important. Funding arrangements are the MOST IMPORTANT, because this provides the base to every other component, but it is also MOST IMPORTANT that all of the other aspects are given appropriate weight to avoid unintended consequences.

In determining the funding needed there are some important considerations:-

[a] The cost estimate is not firm but there is now interest from at least one local construction company with prospect that the roof cost will be below that projected.

[b] There is a significant lead in time to the construction phase - maybe as far away as 2021

[c] The funding cannot be considered in isolation to the Club's other needs

[d] There needs to be certainty that if the conversion is supported by the membership that the balance of funds needed falls within the projected borrowing level i.e. the club can't finish up with borrowing needs which compromise the plan.

[e] The Club is a sporting Club and the tolerances need to be much more conservative than a proposal being considered by a commercial entity

[f] Because we have frequent changes to the Executive positions in the Club, we are designated “High Risk” by sources which will consider our Grants Application and by any lender.

[g] Bowling Clubs have a relatively high failure rate

[h] Generally Bowling Clubs can only convert or do major developments with the assistance of Grant funding

[i] Tewantin Noosa Bowls Club has a little “history” when it comes to conversion of its greens. The minor grants facility approved previously was returned unused and some explanation will be needed when the Grants Application is submitted.

Table A will detail a preferred funding model. This mirrors the funding model prepared by the Sub-Committee and distributed in a handout to members except that:-

[1] The working capital needs of the Club have now been considered

[2] There is now provision for disruption to the Club’s cash flow in the construction phase

Table A details includes a provision for disruption to cashflow. This provision provides for a construction phase of 3 months. An exercise has been done Business Unit by Business Unit. This exercise is an educated guesstimate but the projected cost of \$100,000 is considered adequate and quite realistic.

***Note: The model exercise discussed here is based on:-***

***[1] The Club receiving Grant Funds of \$1,100,000 but it is the intention to actually apply for Grants of more than this amount. The whole purpose is to demonstrate viability which will be an important part of the Grants process.***

***[2] The ability to bring in the project at or below the projected cost. A Geo-Tech report [soil test] suggests that the footings will need to be subject to an engineering study to confirm adequacy of the cost estimates. Information on this aspect will be available on or before the scheduled General Meeting. It would have been preferred to have this information available earlier, but delay would mean the General Meeting would need to be delayed until early 2020.***

## **CLUBHOUSE**

**There is a view within the membership that the Club should be focusing on the Clubhouse and spend resources to renovate the facility in lieu of the conversion of the greens. The last Clubhouse renovation was about 12 years ago and it is acknowledged that the facilities need to be improved. The simple truth is that the Club cannot undertake both the conversion of greens and upgrade of**

the Club facilities simultaneously. Therefore it is a matter of priorities. It is considered that the greens conversion is the higher priority because:-

[I] There is a demonstrated cashflow from the greens conversion.

[II] Expenditure in the clubhouse could also provide cashflow advantage, but the assessment would rely on forecast improvement in performance without any certainty that the expectation would be realised

[III] Failure to do the greens conversion as the first priority might mean an inability to do so at any future time

If it is accepted that the Greens are a first priority then the Clubhouse is the next priority - Some options are explored under the heading **ADDENDUM - SECOND PRIORITY**

## Table A

[j] The cost estimate is not firm. Even though the Club could not go to contract for a year or more the prospect of competition for the roof construction and the competency of the preferred contractor for greens construction, the Greens Sub-Committee is confident that the actual costs will be lower [soil test is the exception]

[k] The contingency will provide cover for a significant range of incidental matters some of which are detailed below.

[l] The Working Capital provision of \$100,000 is an essential.

[m] Disruption to trade will be significant. During the construction phase, there was a stated capacity to permit some limited bowling activity, but it is difficult, if not impossible, to envisage this being a reality. The exit and entry by the Contractor will be through the rear of the property. The whole of the greens complex behind the Clubhouse will surely need to be a construction site unless some very comprehensive safeguards can be adopted.

## Contingency

As well as the purpose identified above there are a number of needs which spring to mind:-

- \* Any Professional costs incurred in preparation of the Grants Applications
- \* Reconstruction or refurbishment of the Games Room Facility
- \* Provision of a segregated smoking area. The present open air arrangements  
Will not be compatible with an undercover greens facility
- \* Professional fees - Legal, Loan establishment, Valuation fees, perhaps a

Quantity surveyor,

- \* Relocation of the Solar Panels on the Green side of the Club House
- \* Any other special requirements attaching to the Grants application or the Loan application
- \* Perimeter security
- \* Provides a cover for the unexpected

## Surplus

**There is an identified need to provide a refurbishment of the restaurant and the Club would choose to consider this investment as soon as there is cost certainty in respect to the greens project.**

## THE PLAN

It is not by accident that the funding requirements have been projected at \$300,000 because at that level we can now formulate a plan which embraces the object to guarantee the future of the Club. The essential components of the plan are:-

- [1] The greens project to be self supporting
- [2] The initial debt to be repaid within 5 years
- [3] A sinking fund is established which creates a fund capped at \$300,000 which should be sufficient to cover the cost of the first renovation, before that event occurs, thus avoiding the merry go round of never ending debt for the maintenance of quality surfaces.
- [4] To provide some initial support for the reintroduction of professional management [sooner rather than later]
- [5] After the debt is repaid and the sinking fund is capped, to have the greens provide an increased income stream for other Club needs
- [6] The ability to have the project self-funded allows the Clubhouse cashflow to be available to cover the normal operation of other business units.

## TABLE B

The table is designed to demonstrate the real prospect that the greens will prove to be a valuable income stream. The following notes are appropriate:-

[a] The projections are not an attempt to forecast actual income/cost but are a reliable guide for “demonstration” purposes

[b] The greens Contract this year will cost \$130,000 to the nearest thousand

[c] Only modest “indicative” increases have been projected in income

[d] Loan cost are projected at \$70,000 pa being \$5800 per month to the nearest thousand

[e] The sub-committee have previously projected a cost of \$15000 for maintenance and is reasonable based on a projected cost of \$5000 per green as per BA Bowling Green Construction Guidelines in 2011

[f] As part of the Greens Contract the grounds of the Club are maintained. The Club has kept green keeping costs low because of the volunteer work carried out by Bob Schofield on a daily basis. The employment of a part time groundsman must be allowed for as part of any realistic costing. This costing has been tested by the Greens Sub-Committee. It would be proposed that volunteers would be able to do the necessary day to day [or week to week] work on vacuuming the surface.

[g] Sinking Fund. While the loan is being repaid the commitment to establish a sinking fund has been limited to \$25,000 pa. This is below the preferred level, but is stepped up in years 6, 7 & 8 to reach the proposed capped level of \$300,000

[h] In the 6<sup>th</sup> year there is a projected surplus of \$93000 which increases to a peak of \$148,000 in year 10 if the first renovation of the base has not previously been necessary - otherwise it would reduce by any sinking fund contribution.

[i] The surplus even from year one will assist to give some limited capacity to the Club to return to professional management in a manner yet to be determined

## SUMMARY

**There is a demonstrated advantage in progressing with the plans to convert to fully covered carpeted greens.**

At the present time the business segment “Bowls” provides a little better than a break even position. The business segment “Bowls” includes all the traditional sources of income & expenses. This is how the Club has shown performance for at least the past 20 years until more recently when present accounting and audit processes muddied the waters.

The business unit was always in deficit until the Green Fees were increased to \$12 which has created a modest surplus over the past three years. This surplus will dissipate as costs rise and the most likely prospect is that again the business unit will slip into deficit unless the green fees keep rising.

**Grass greens will NEVER provide a reliable revenue stream to the Club.**

**The position outlined in this paper will require determination and discipline to this plan or a similar one and gives the best chance of achieving**

### **A GUARANTEED FUTURE FOR BOWLS AND FOR THE CLUB**

#### **COMPILATION**

This paper is written by a Club Member who has spent the larger part of the last 50 years engaged in financial assessment, and in more recent times, being directly involved in Sporting Clubs Committees in an Executive capacity.

The motivation comes from a variety of experiences; the chief one being the significant difference this time to our failed effort previously. At that time the Club was heading down a path doomed to failure because the borrowing level proposed was too high and the GFC was looming on the horizon. With the benefit of hindsight the shortcomings are like beacons in the night.

The paper is written and incorporates:-

- \* the opinion of other members who have been involved previously in a similar consideration at this Club and at the former Noosa Heads Bowls Club
- \* The opinion and experiences of members of the Club's Management Committee and the opinions of the Greens Sub-Committee

All members should acknowledge that the ability to contribute funds is provided by the former Noosa Heads Bowls Club Inc members with the residue of sale of their Club's assets. It would be fitting if this allowed this Club the opportunity to guarantee the future of bowls in the Noosa area.

*Note: The word "guarantee" is used more than once. Of course there is really no guarantee about anything, but there does not seem to be a better word to describe the assessed outcome of this project.*

## **On behalf of the contributing members of the Tewantin Noosa Bowls Club Inc, The Management Committee and the Greens Sub-Committee**

### **ADDENDUM - SECOND PRIORITY**

It is acknowledged that when the subject of Clubhouse improvements crops up then it is easy to imagine major works which alters completely the profile of the Clubhouse. The scope to handle that type of project could only come from further substantial Government Grants. It is difficult for older members, who are used to “sailing their own boat”, to think that the Club might get further substantial grant funds so soon after that being sought for the greens.

This chapter then assumes that the work would involve entry update and internal refurbishments rather than major structural change.

The following scenario might demonstrate what can be achieved:-

[a] After the Greens loan has been in place for 3years [drawn down in 2021 so that means 2024], consider a maximum borrowing of an additional \$300,000

[b] Pay Interest only in 2025 and 2026 at a projected cost of \$18,000 pa

[c] In the third year [i.e.after the greens loan is repaid] commence a principal and Interest repayment arrangement geared to a 7 year loan. [Year 2027 ]

[d] If desired escalate the payments in 2030 and 2031 to clear the balance of the loan

The program outlined provides surpluses of a minimum of \$20,000 pa initially and \$45400 pa in year 2029.

***ALL OF THE ABOVE IS ACHIEVED BY THE INCOME BENEFIT FROM THE COVERED GREENS DEVELOPMENT ALONE***

It is also reasonable to assume that the expenditure to refurbish the Clubhouse would give a capacity over and above any calculations made in this presentation and that alone should provide a further level of comfort.

***OF COURSE IT WOULD BE EVERYONES DREAM TO HAVE THE GRANTS FUNDING PROVIDED AT ABOVE THE LEVEL OF \$1,100,000 WHICH MAY GIVE CAPACITY TO GO TO THE SECOND PRIORITY AT AN EARLIER TIME***

**TEWANTIN NOOSA BOWLS CLUB INC  
COVERED GREENS**

**TABLE A**

|  |         |          |              |
|--|---------|----------|--------------|
| Cost Estimate                            |         | -2001000 |              |
| Contingency                              |         | -100000  |              |
| Club Funds                               | 1000000 |          |              |
| Sub - total                              |         |          | -1101000     |
| Working capital -club operations         |         | -100000  |              |
| Disruptions to Trade during Construction |         | -100000  |              |
| Sub - total                              |         |          | -1301000     |
| Bank Borrowing - Preferred level         | 300000  |          |              |
| Grants                                   | 1100000 |          |              |
| Funds - other sources                    | 1400000 |          |              |
| Sub - total                              |         | 1400000  |              |
| <b>Surplus</b>                           |         |          | <b>99000</b> |

**TABLE B**

|                                      | <i>1st Year</i> | <i>6th Year</i> | <i>8th year</i> | <i>9th year</i> | <i>10th year</i> |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|------------------|
| Greens contract - saving             | 130000          | 130000          | 130000          | 130000          | 130000           |
| Water Saving                         | 10000           | 10000           | 10000           | 10000           | 10000            |
| Increase Income Barefoot bowlers     | 5000            | 10000           | 10000           | 10000           | 10000            |
| Increase Income - Bowling members    | 15000           | 20000           | 25000           | 25000           | 25000            |
| <b>Cost savings &amp; Income Inc</b> | <b>160000</b>   | <b>170000</b>   | <b>175000</b>   | <b>175000</b>   | <b>175000</b>    |
| Loan P & I 6% over 5 years           | -70000          | 0               | 0               | 0               | 0                |
| Maintenance 2 greens                 | -15000          | -15000          | -15000          | -15000          | -15000           |
| Grounds maintenance                  | -12000          | -12000          | -12000          | -12000          | -12000           |
| Sinking Fund                         | -25000          | -50000          | -50000          | -25000          | 0                |
| <b>Surplus</b>                       | <b>38000</b>    | <b>93000</b>    | <b>98000</b>    | <b>123000</b>   | <b>148000</b>    |
| Sinking Fund Balance                 | 25000           | 175000          | 275000          | 300000          | 300000           |

**CLUB IMPROVEMENT LOAN**

|                            | <i>4th Year</i> | <i>5th Year</i> | <i>93000</i>  | <i>98000</i>  | <i>123000</i> | <i>148000</i> <small>Surplus above</small> |
|----------------------------|-----------------|-----------------|---------------|---------------|---------------|--|
| <b>Surplus</b>             | <b>38000</b>    | <b>38000</b>    | <b>93000</b>  | <b>98000</b>  | <b>123000</b> | <b>148000</b>                              |
| 300,000                    | -18000          | -18000          | -52600        | -52600        | XX            | XX   |
| <b>Surplus</b>             | <b>20000</b>    | <b>20000</b>    | <b>40400</b>  | <b>45400</b>  |               |  |
| <b>Loan Balance Approx</b> |                 |                 | <b>265000</b> | <b>190000</b> | XX            | XX   |