Irrigation System Replacement Project

End of Project Report

Silver Springs Golf & Country Club

Silver Springs
Golf & Country Club

Contents

Prepared for: Board of Directors and Members
Prepared by: Project Steering Committee
Date: August 31, 2026; **Project Status:** Complete

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1. Executive Summary

The Club is pleased to report the successful completion of the Irrigation System Replacement Project. The project was delivered **under the shareholder-approved budget**, **on schedule**, and with **minimal disruption to member play** throughout the construction period.

The aging irrigation infrastructure has been fully replaced with a modern, efficient, automated system designed to serve the Club for decades to come. Beyond the operational benefits, disciplined project planning, execution and effective cash management produced a materially better financial outcome for the members than the approved financing plan anticipated.

Key outcomes:

- **Delivered under the shareholder-approved budget**, with the entire approved project scope completed in full
- **Completed in a single season**, minimizing both cost and the duration of member disruption
- **17 holes remained in play** throughout construction
- **Short-term debt financing costs were avoided** through effective management of the Club's existing capital surplus
- **The $1.6 million in long-term bank debt contemplated in the financing plan was eliminated**, removing the associated principal and debt-servicing burden from members
- The project is now **forecast to be fully paid out in 2028**

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2. Project Background and Objectives

The previous irrigation system had reached the end of its serviceable life, with increasing failures, declining coverage uniformity, obsolete equipment, and rising repair costs threatening turf quality and playability.

The shareholders approved the replacement project and its financing plan in October 2024 with the following objectives:

1. Deliver a modern and efficient irrigation system that enhances course conditions, turf health, and member experience
2. Reduce the impact on member play during irrigation construction
3. Minimize the financial burden on members

4. Enhance water stewardship efforts
5. Signal a commitment to continual improvement and investing in the Club

All objectives were achieved, and the financial outcome exceeded the approved plan.

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3. Scope of Work Completed

- New mainline and lateral piping throughout the course
- Replacement and increasing the number of sprinkler heads with individually controlled heads for improved coverage and uniformity
- New control system and central control software
- Full restoration of disturbed turf and cart paths
- As-built mapping and operator training for grounds staff

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4. Rationale for Under-Budget Completion

The project was delivered under the shareholder-approved budget with all approved scope intact. The favourable result is attributable to the following factors:

4.1 Strong front-end irrigation system design and cost estimates

A thorough, well-developed design completed by the Project Consultant before tendering produced clear and complete documentation. This reduced ambiguity, allowed contractors to bid accurately and competitively, and minimized costly changes and unforeseen conditions during construction.

4.2 Disciplined contracting and review process

A rigorous contracting and review process ensured the scope was clearly defined, risks were appropriately allocated, and pricing was thoroughly vetted before award. The Club utilized an ad hoc committee that included members with significant construction project tendering and management experience. This front-end discipline protected the budget throughout delivery and limited change orders.

4.3 Competitive local contractor bid and availability in 2025

The Club benefited from a competitive bid from a qualified local contractor, HNT Services, whose availability aligned with the Club's desired 2025 single-season construction window. Using a local contractor reduced mobilization and logistics costs and secured strong pricing. In addition, the local contractor's project team had strong knowledge of the course, had established relationships with Turf Care leadership, and had successful experience in completing similar single-season projects while allowing for full course play.

The other 2 contractor bids were equal to or exceeded the Project Budget, including Escalation and Contingency. An average from all 3 bidders also exceeded the Project Budget of all 3, including Escalation and Contingency. The other bidders proposed executing the project in 2026, introducing tariff and escalation risks.

4.4 Completion in a single season

Sequencing the entire installation within a single season avoided cost premiums, repeat mobilizations, duplicated restoration, and extended overheads associated with multi-season delivery. It also concentrated member disruption into one season rather than spreading it across several.

4.5 Tariff and cost escalation avoidance

Procurement was structured and timed to avoid tariff exposure on materials and components, and execution in 2025 insulated the project from cost escalation that would otherwise have increased the capital cost.

4.6 Strong contractor execution plan and performance

The contractor brought a well-developed execution plan and delivered strong on-the-ground performance. Efficient production rates, effective coordination with the Superintendent, and reliable workmanship kept the project on schedule and on budget while maintaining quality. This successful project delivery and execution avoided utilization of project contingency.

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5. Member Experience and Course Disruption

Minimizing disruption to member play was a core commitment, and it was met:

- **The course remained open throughout construction.** Work was sequenced hole-by-hole to keep the maximum number of holes in play, with a minimum of 17 holes open at all times.
- Regular project updates kept the membership informed throughout the season.
- Restoration followed immediately behind installation so disturbed areas returned to play quickly.
- Completing the work in a single season meant members faced disruption for one season only, rather than over multiple years.

6. Proposed Project Funding Structure

The Shareholder-approved funding plan was as follows:

- **Shareholder assessment**
  - A **$1,500 shareholder assessment**, levied at **$500 per year over 2025, 2026, and 2027**, applied directly to funding the project.
- **Facility Improvement Fee (FIF)**
  - The **entire FIF is applied to the project from 2024 through 2027**. From **2028 onward**, the FIF will service any remaining irrigation debt, with **any surplus directed to other capital projects**.
- **Bank debt**
  - The financing plan provided for up to **$1.6 million in bank debt** to complete the funding of the project.

The Club also committed to Shareholders to include the project as a standalone item in the financial reports.

In addition, the financing plan contemplated the short-term debt service costs of $800,000 over the initial 4 years.

Irrigation Financing Plan	
Total Irrigation Project Cost	$3,175,225
Debt service costs (assume 4 years coverage at $200,000/year)	$800,000
Total costs to be covered	**$3,975,225**
Financing Sources	
Current FIF – 4 years at $400,000 / year	$1,600,000
Debt	$1,600,000
Balance: funded by Assessment	**$800,000**

Rather than drawing on short-term bank debt as originally forecast, the Club applied the **capital fund surplus accumulated over 2024 and 2025** to aid in funding the project to date.

This surplus arose from two sources:

- **Decreased capital spending in 2025**, and

- **Significant cash inflows from share sales**

Effective cash management and deploying this surplus in place of borrowed funds drove the favourable outcomes described below.

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7. Financial Outcome and Benefits

HNT Services were able to deliver the project under the project-approved budget based on the factors outlined in section 4 above, which included avoidance of any contingency or escalation costs. The final project cost relative to the approved budget was as follows:

	Project Estimate	Project Actuals	Difference
Project Materials & Construction	$ 2,605,000	$ 2,425,841	$ (179,159)
Project Management & Consulting	$ 80,675	$ 55,500	$ (25,175)
Escalation (3%)	$ 100,000	$ -	$ (100,000)
Contingency (15%)	$ 389,550	$ -	$ (389,550)
	$ 3,175,225	**$ 2,481,341**	**$ (693,884)**

The under-budget project delivery, coupled with effective cash management of existing Club surplus funds, produced two distinct and significant financial benefits for members. These were the avoidance of short-term debt financing costs and the elimination of long-term project debt.

7.1 Avoidance of short-term debt financing costs

Through effective management of the Club's existing capital surplus, the Club **avoided the forecasted short-term debt financing costs** associated with funding construction. By using accumulated surplus cash in place of short-term borrowing, the interest costs that would otherwise have been incurred during the construction period were avoided entirely.

7.2 Elimination of long-term debt

By delivering the project under the shareholder-approved budget, the Club **eliminated the need to utilize the $1.6 million in long-term bank debt** contemplated in the financing plan. This removed both the principal obligation and the associated long-term debt-servicing costs that members would otherwise have carried.

The benefits of avoiding this long-term debt compound over time:
- No long-term interest expense embedded in future budgets or member obligations
- No multi-year debt-servicing burden carried by members
- The Club's balance sheet remains unencumbered, preserving borrowing capacity for future capital priorities

- Greater financial flexibility heading into future capital planning cycles

8. Forecast Payout and Capital Reserve

On the strength of the funding structure and the under-budget result, the Club is now forecasting **full payout of the irrigation project in 2028.**

From 2028 onward, with the irrigation obligation retired, the FIF becomes available to service any residual amounts and then to fund other capital projects, positioning the Club well for its next capital priorities.

9. Project Lessons Learned

- **Invest time and resources in front-end project design, cost estimates and contracting discipline.** A complete, well-reviewed design and a rigorous contracting process were the foundation of the budget result.
- **Implement a competitive contracting plan that aligns with contractor availability.** This secured strong pricing and a workable schedule.
- **Compress project execution where feasible.** Single-season completion saved cost and limited member disruption.
- **Manage cash actively.** Deploying accumulated surplus in place of debt avoided short-term financing costs and eliminated the planned long-term borrowing.

10. Irrigation System Performance

HNT Services formerly closed out all project activities on July 15th, 2026 for the contract titled "Golf Course Irrigation Renovation", which included items related to the listed deficiencies as identified by the Irrigation Consultant and the Golf Course Superintendent. The Club has released final holdback payments.

Upon initial irrigation system start-up in spring 2026, the Turfcare Leadership team identified select sprinkler internals that appeared to be operating in a faulty capacity during adjustment sequences. Representatives from Oakcreek Golf and Turf, along with The Toro Company, conducted a site visit to address these concerns. After investigation, it was determined that the lot number of sprinkler internals installed during the renovation was part of a recall issued by The Toro Company. The Toro Company willingly fully covered the replacement of the internals under warranty at no cost to the club. HNT Services was hired by The Toro Company to perform the installation and replacement of the sprinklers. Approximately 875 internals have been replaced, with the remaining 127 are still to be received by Oakcreek Golf and Turf.

Year to date, the irrigation system is performing optimally. The irrigation design, sprinkler head spacing, consistent sprinkler internals/nozzles and operating pressure have improved distribution uniformity and coverage on all irrigated areas on the golf course. Enhanced turf health is noticeable, especially in areas that were previously unirrigated. Playability and aesthetics have improved with proper water distribution, producing a healthier, more consistent stand of turf, leading to more consistent golf course conditions from hole to hole.

Given the new system is under warranty by HNT Services for 1 year, there has been no cost to the club for issues related to the installation, performance or deficiencies. Moving forward, the Club anticipates lower repair and maintenance operating costs than in years prior to 2026.

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11. Recommendation

The Project Steering Committee recommends that the Board:

1. Accept this report and declare the project formally closed
2. Confirm the financing and payout forecast, including full payout in 2028
3. Approve the dissolution of the Project Steering Committee

Respectfully submitted,

Rod Maier, Chair, Project Steering Committee; Eric Thorsteinson, General Manager; Lance Morris, Course Superintendent