

# IRRIGATION PROJECT FAQ'S

Silver Springs Golf & Country Club



## Project Construction Contractor Selection Process

### **Who was represented on the Irrigation Project Request for Proposal (RFP) Sub-Committee?**

The RFP Sub-Committee was formed to coordinate and provide guidance to the Irrigation Project construction contracting process, including development of the bid strategy, preparation of the bid documents and the construction contract, assessment of bids, and a recommendation on the preferred contractor for the project.

The RFP Sub-Committee includes several Silver Springs members with extensive construction contracting experience: Kevin Ainsworth, David Clark, Don Ingram, and Trevor Poulsen. Board representatives on the Sub-Committee include Rod Maier, Jim Screamon, and Jim Wolfe, while management representatives are Eric Thorsteinson, Lance Morris, and Russel Ens. The committee also includes the Club's external Irrigation Consultant, Frank Russell.

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### **What criteria were used to select the irrigation construction contractor?**

The criteria used in the selection of the irrigation construction contractor included cost, proposed schedule and execution plan, and impact on member play during construction.

Silver Springs requested the contractors to provide bids for a number of options, which included commencing the work in either 2025 or 2026, and completing the project over one or two seasons.

The Club believes that the selected bid from HNT Services Ltd., where the project will commence in 2025 and be completed in one season, provides the lowest overall cost, risk, and impact on member play.

The project will be performed under a fixed price construction contract, where the contractor is responsible for delivering the stipulated project for that cost and within the proposed schedule.

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### **What were some of the other considerations in selecting HNT Services as the construction contractor?**

In addition to providing the bid with the lowest overall cost, risk, and impact on member play, the selection of HNT Services proposal provides a number of additional positive attributes:

- HNT Services and our irrigation consultant Frank Russell, were successful in recently completing a similar project to ours at the Grande Prairie Golf and Country Club. That project was completed on schedule and budget in 2024, where 18 holes remained open for member play during the one season construction period.
- Silver Springs has an established relationship with HNT, as they successfully completed our Pumphouse Project in 2022.
- They are based in Calgary, facilitating management oversight and storage of materials, and reducing mobilization and travel costs.
- The company has a mandate to only take on a single major project in a season, which will be our Project in 2025.
- HNT's Site Superintendent will be Joel Thur, former Assistant Superintendent at Silver Springs.

Their team's knowledge of our golf course, relationship with team members, combined with their reputation for delivering such successful projects, will be instrumental in ensuring a successful outcome.

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## **Project Budget and Financing**

### **What is the overall budget for the project?**

The original shareholder approved budget for the Irrigation Project remains unchanged following the award of the construction contract to HNT Services. The project budget is as follows:

- Project Construction \$ 2,605,000
- Project Management & Consulting \$ 80,675
- Escalation \$ 100,000
- Contingency \$ 389,550
- **Project Total** \$ **3,175,225**

Approximately 50% of the overall Project Construction cost is materials, while the balance of the cost is construction and installation services.

As the project will be performed under a fixed price construction contract, where the contractor is responsible for delivering the stipulated project for that cost, Silver Springs is protected from any increases in project construction costs unless they are attributed to changes requested by the Club.

In order to mitigate materials cost risks, HNT immediately ordered the required materials for the project immediately upon award of the bid to capture vendor quotes and avoid cost escalation.

To provide further surety and a guarantee that HNT Services will meet their financial obligations a Performance Bond for 50% of the project cost has been obtained. The fixed price contract and Performance Bond provide significant protection to the Club to ensure the project budget is achieved.

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### **What is the project budget, and how are cost overruns being managed?**

The project is being executed under a fixed-price contract with HNT Services, ensuring costs remain within the shareholder-approved budget. Under this structure, HNT is responsible for any cost overruns, reducing financial risk for the Club.

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### **What is a Fixed price contract, and what are the responsibilities of the contractor and the Club on the Project?**

A fixed-price contract establishes a pre-determined cost for the Project, protecting the Club from unexpected increases and escalation. HNT Services is responsible for delivering the Project within the agreed-upon budget and timeline, while our Irrigation Consultant, Management, Board and RFP Sub-Committee will coordinate project oversight to ensure the project objectives are achieved, disruption minimized, and appropriate financial controls and reporting are in place.

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### **Has the Club considered a performance bond?**

Yes, the Club has secured a performance bond covering 50% of the cost of the irrigation contract. This bond ensures HNT fulfills its contractual obligations, provides financial protection for the Club, and serves as an additional safeguard against unforeseen project risks.

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### **What impacts would any US tariffs have on the project, and how is the Project mitigating any supply chain risks on materials?**

The project is being executed under a fixed-price contract with HNT Services, ensuring costs remain within the shareholder-approved budget. Under this structure, HNT is responsible for any cost overruns, reducing financial risk for the Club.

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## Project Budget and Financing (continued)

### **What are the major Project risks and mitigations that have been discussed and how is the Club addressing these?**

The Club and Project Committee have carefully assessed various potential risks, including construction challenges, supply chain disruptions, and weather delays. Certain mitigations have been addressed, including:

- **Financial Risks:** The fixed-price contract places cost overrun risks on HNT, which is backed up by a performance bond.
- **Schedule Risks:** HNT has incorporated weather delays into the bid and timeline, reducing risk.
- **Contractor Risks:** With Silver Springs being HNT's only major project in 2025, the Club has strong confidence in their ability to deliver.
- **Member Experience:** Effective planning and communication will ensure clear updates for members throughout the project.
- **Cash Flow Management:** Progress payments, line of credit approvals, and cash flow forecasts will be managed and reported to the Board and membership on a monthly basis.

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### **How is the project being financed?**

The Project will be funded 50% from bank debt and 50% from Club equity, with a combination of the following:

1. **Bank Debt:** Securing a loan amounting to a maximum of \$2.0 million to provide flexibility during project construction, with a Project financing target of \$1.6 million.
2. **Facility Improvement Fee (FIF):** Continue to use the monthly FIF to assist in funding the Project and servicing the associated bank debt.
3. **Shareholder Assessment:** \$1,500 total assessment payable by each shareholder over 3 years (\$500 per year in 2025, 2026, and 2027).

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## Project Schedule

### **When will construction take place, and why complete it in one season vs. over two seasons?**

Construction will begin in April 2025 and be completed by the end of the season. Among all proposals, this approach provided the lowest project cost, minimized scheduling and execution risks, and reduced the impact on member play.

The work will be performed under a fixed-price contract, meaning HNT is responsible for delivering the project at the agreed-upon cost, which aligns with the Club's shareholder-approved budget. Additionally, as HNT's sole major project in 2025, Silver Springs will receive their full attention and resources to ensure efficient and timely completion.

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### **What is the anticipated construction schedule? What holes will be out of play and when?**

1. Construction has been planned to take place from April 1 to October 31, with a planned work schedule of six days per week, 12-hour days, and the possibility of seven-day weeks if needed to meet the schedule.

Work will proceed in a phased manner, starting with the initially selected hole in mid-April and continuing through the remaining holes in an optimized sequence. One hole will be taken out of play during irrigation construction on that hole, after which it will be returned to play and construction will progress to the next hole in the project sequence.

As the Club continues to work with HNT on the project timeline, more information will be released to the membership on a proactive basis containing details on anticipated hole closures and timelines.

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## **Impact to Member Play**

### **Will member tournaments or guest play be cancelled?**

No cancellations are planned. Weekly leagues, tournaments, and guest play will continue as scheduled, with all tournament dates available on the Club Calendar. Efforts will be made to minimize any disruption while maintaining a vibrant golf season and experience for members and guests.

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### **Will member tee time availability be reduced?**

No, the project will not reduce member access to the tee sheet in 2025. The project is designed to keep 18 holes open throughout construction, with one hole closed at a time. A temporary hole in the short game area provides an additional hole to maintain full playability and ensuring minimal disruption. Member experience remains a top priority throughout the Project.

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### **How will members be informed about daily project status and what holes are open or closed?**

The Club is committed to regular and transparent updates via written communications, videos, drone footage, FAQs, and daily course notifications, and more. As the Club works with HNT on a detailed execution plan, we will provide updates on the sequence and timing of holes to be closed (recognizing only one hole will be closed at a time) and how the Project may impact member play, events, and tournaments. Members will receive daily updates on construction status and any affected holes.

## **Additional Course Enhancements**

### **What are the Club's plans for cart paths and other course enhancements in 2025?**

To ensure focus is on successful execution of the Project and minimizing member disruption, no other major course enhancements are planned in 2025.

There will be isolated damage to some cart paths as a result of irrigation installation. HNT Services are responsible for repairing any such damage, which will be completed near the end of the project. The Club is assessing conducting continued repair and replacement of some of the cart paths under the regular maintenance budget in conjunction with the irrigation project to take advantage of any contracting and cost synergies.

Future course capital improvements will be guided by the Club's 10-year master plan, approved through the annual capital budget process, and be funded through existing capital dues and share sales without additional financial commitments from members.

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### **What are the Club's plans to address the issues with the Hole #4 green?**

While the irrigation project is the key focus in 2025, the Board and its Committees continue to assess and prioritize potential future course enhancements and other Club capital projects based on need and member feedback.

The Club acknowledges the occasional drainage issues with hole #4 green, which have caused it to be intermittently out of play over the last several seasons. The Greens Committee continues to assess options to address this issue, and potential removal of the cart path and regrading of the left side of the fairway near the tee landing area. Any work on the Hole #4 green will be evaluated after the irrigation project is complete, ensuring that future enhancements are integrated efficiently with the new system.

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## Irrigation and Construction Installation

### **How will the new system benefit the course, and when will members see this improvement?**

The new irrigation system will greatly enhance course playability and aesthetics, turf health, and improve water sustainability, while improving system reliability and efficiency, reducing operating and maintenance costs, and lowering water consumption. Members will begin seeing improvements as each hole re-opens following turf recovery care. The new irrigation system is designed to optimize water distribution, reducing waste and promoting consistent course conditions.

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### **How will the new system be installed?**

Installation will be completed hole-by-hole to minimize disruption. Typically, the installation will start from the green complex and work back towards the tee complex for that hole. Generally, the irrigation mainline will be installed by trenching, while lateral piping will be installed by low impact plowing. New piping, sprinkler heads, and controls will be integrated as construction progresses, ensuring a smooth transition from the old system. The old irrigation system will remain operational until the completely new system is in place.

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### **How will each hole be watered during the irrigation construction? Will the Club have access to the existing system?**

The existing irrigation system will remain operational throughout the project, ensuring adequate watering until new systems come online. Temporary watering solutions will be implemented by our Turf Care team where necessary to maintain turf health during member play.

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### **What will the course look like when each hole is completed?**

Each hole will undergo a walkthrough and sign-off with Course Superintendent, Lance Morris, before reopening. The Club will maintain clear signage around the course indicating closed holes, and turf recovery efforts will ensure optimal course conditions as work progresses and the hole re-opens.

