



IRRIGATION PROJECT

Frequently Asked Questions

Additional questions posed by members in advance of Information Meeting 24th June

1. Questions posed by Frank Gray (answers in red)

Would it not be prudent to carry out the geophysical survey before committing to the proposal as there would be little point in the full development if we cannot supply sufficient water.

We are very confident that there is sufficient fresh water under the golf course which sits on the same shallow sand and gravel aquifer as Seapoint Golf Club and the farm of our near neighbour Peter Collier. Also, our current good well at the 4th has produced abundant water for 30 years.

The purpose of the Geophysical Survey is to find a location for a similar good well as being totally dependent on one good well is not prudent, especially given the overall investment in the project compared to the cost of the survey.

The Geophysical Survey is carried out in two parts and it includes for a new well.

Part 1 involves ERT (Electrical Resistance Tomography) and a small number of exploration wells necessary to establish the location, thickness and depth of the aquifer. The best time to do the ERT is when the ground is damp, i.e. October through to January.

Part 2 involves the provision and testing of the new well. Needless to say, this is best done in the dry time of the year when the underground water level is at its lowest.

The Geophysical Survey is in effect an insurance policy against our current well becoming polluted or running dry. It is not a critical part of the project but it could be started later this year if the project team so decides.

How much did the design from Adrian Mortram Associate Ltd cost. Is the €30,000 mentioned in the FAQ for future work ?

Yes – the 30k is for future work.

AMA Fees for design and tender stage totalling 14.9k have been paid.

Given that the development plan is completed, bills of materials are known, a preferred contractor have been identified and based on their experience of similar projects their work plan would be known. There should not be any issues like weather or access to the site to delay or interfere with the installation. Taking these items on board, why is the contract not a fixed price contract.

The proposed contractor offered us a fixed price of € 1,171,363 in his tender of 17th Feb 2021 based on completing the work during the 21/22 winter / spring season and receiving our instruction to proceed on or before 1st April 2021 (effectively 60 days quote validity). Clearly this time frame was not possible for us to achieve. However, we subsequently negotiated a much-reduced price of € 974,950 (approx. €200,000 reduction) based on giving him the go ahead by 16th July 2021 but without a fixed cost on materials where prices are currently very volatile. However, Rainbird have fixed their price based on an order in July so our risk on materials is on €250,000 approx. of materials, primarily being PE pipework, water tank and pumps.

In our opinion, the very maximum risk here is €50,000 and it is for this reason that we include a contingency of € 100,000 in our budget, double what would be normal.

On the issue of finance, the proposal outlines that the project would be financed by a combination of club funding and commercial bank borrowings. What is the breakdown of this funding and over what timescale would the club repay these borrowings.

Assuming that members approve the proposal and given that the club has substantial funds on deposit and receiving little or no interest on them, would it not make financial sense to borrow the funding interest free directly from internal resources rather than from a commercial bank.

The funding proposal is 65% of project cost from ring-fenced funds, 35% from borrowing, as outlined in the communication from the Hon Treasurer on 22 June. Loan repayment period would be a maximum 10 years. There will remain a healthy reserve within the ring-fenced No.1 fund which it is felt prudent to retain.

2. Suggestion re Funding, Martin Carr

I would be 100% in favour of this project proceeding and believe it will be of great benefit to the Club going forward.

My only reservation (slight) would be the financing and the merit of taking out some bank borrowings where it has rightly been pointed out earlier by a previous member it might be better using all our own funds which are:

- Sitting in a Bank deposit Account earning no interest (in fact may be costing us interest now).
- It seems unlikely to me that we have any hope of land acquisition in the near future considering what we would be looking to buy and the owner of this land.

By taking out bank borrowings we are putting additional cost on the club in legal fees etc on the basis that the bank are looking for security (unless of course this security is already in place for previous borrowings)?

While accepting the comments of a prudent approach etc I would be of the view that we should use our own funds (at no cost) and if borrowings are ever required in the future that can be addressed at the appropriate time.

3. Points raised by Paul Healy

The issue of VAT stands out like a sore thumb, I understand the issue with the club not being registered but I'm sure with a capital expense in one lump sum like this it's worth a second look with some tax expert or at least the Revenue officials (who certainly won't be expecting this windfall) the club deals with our account, maybe this has been done, if not it's worth a try, if you don't ask you don't get

While registered for VAT we are very restricted in what we can claim. We do not apply VAT to our two primary sources of income – membership (subs and entrance fees) and green fees. Accordingly we are unable to claim back VAT on the bulk of our expenditure/investment activities. We get a small amount back annually from expenses incurred in the Bar & Restaurant (a 'Vat' area). As suggested it will be worthwhile having our accountant discuss and verify with Revenue, given the scale involved.

Secondly, have we applied for any grants to help cover some of the costs? We are after all replacing a system that's unbelievably dysfunctional in terms of our environmental foot print and future proofing this for decades, it's all to see in the proposed document, it removes the necessity for large machines to constantly be on the course, replacing pipes, less energy, water etc, I would look to SEAI (I believe Ballybunion had some success here) and also to the likes of Sport Ireland . If you have done so it might be worth giving some feedback.

We have applied for a grant under the Sports Capital Programme, but not for irrigation as we felt it would not meet the criteria set out. SEAI is certainly worth investigating further if the project is approved.