

The Rusty Putter Rebranding and Renovation Study

A Comprehensive Financial Study with Refined Methodology and Enhanced Risk Controls

Unofficial Independent Study

Prepared for:

Residents of Del Webb Naples Community Residents
Del Webb Naples Community Association Board of Directors

Prepared by:

Michael Gordon

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Status:

Public Dissemination

This study is intended solely for community discussion and does not reflect the views of any official HOA body or contractual party.

Preface

Understanding the Power of Assumptions in Financial Studies

This report was written not for financial experts, but for neighbors—homeowners in the Del Webb Naples community who care about how their money is spent and who deserve clarity when it comes to the future of the Rusty Putter.

Financial studies like this one often appear complex or intimidating, but at their core, they are built on a set of assumptions—educated, data-informed guesses about what the future might look like. These assumptions are not facts, but they are essential, because they shape the outcome of every projection and recommendation. Change the assumptions, and the results change too.

The single most important assumption made when writing this study is this: **after a \$3.5 million investment into a failing restaurant and bar, it should be run professionally and operate as a semi-private facility.** It should be good enough, welcoming enough, and consistent enough that **each home in the community would want to dine there at least once a month.**

That is the foundation for every projection in this study. Without professional management, resident participation, and cost controls, the numbers simply do not work. No business—even one backed by assessments—can thrive if it continues to lose money on every meal served.

It’s also vital to understand this: **the financial losses in this study are not based on a static community—they grow as the community grows.** Under current management, as the number of homes doubles, the losses double right along with them. Growth alone does not solve the problem; without operational change, it magnifies it.

Throughout this study, assumptions are clearly stated and transparently applied. Where appropriate, we include alternate scenarios—called sensitivity analyses—to explore what happens if things don’t go as planned. This shows both the risk and the potential depending on the choices made.

If you walk away from this report with one key takeaway, let it be this: **numbers don’t speak for themselves—assumptions give them meaning.** By explaining them up front, this study empowers every homeowner to understand not just the math, but the logic and expectations behind it—and to participate in an informed discussion about whether this investment truly serves our community’s long-term interests.

Michael Gordon

Del Webb Naples Resident

July 11, 2025

What Is the Rusty Putter Study?

The Rusty Putter serves as the community restaurant at Del Webb Naples. A major renovation and expansion—estimated at \$3.5 million—has been proposed to transform it into a modern restaurant and bar. The objective of this study is to evaluate whether the financial losses incurred since inception and studied from 2020 through 2024, along with projected losses in 2025, can justify this investment. It also aims to determine whether the \$2.5 million resident cost towards renovation has any realistic potential for return on investment (ROI) and whether the continued operation of the Rusty Putter is financially viable. Finally, the study will verify if it is possible to transform this public restaurant and bar into a semi-private establishment serving only golf patrons of Panther Run, residents, and residents' family and friends.

Study Highlights

- Expand the current restaurant and bar to encompass the entire 12,000 square foot building
- Add 166 indoor seats, an indoor bar, and upgraded kitchen/dining areas
- Transition to semi-private, professionally managed operations
- Serve residents, family, friends, and golf patrons

Study Assumptions

- **Homes:** Expected to grow from 1,454 in 2026 to 2,449 by 2034
- **Residents per Home:** 1.95 (95% of homes have at least two people, 5% have one)
- **Residency Mix:** 85% full-time, 15% seasonal
- **Participation:** Each resident dines at the Rusty Putter 12 times per year (once a month)
- **Meal Price:** \$40 per person (includes food, drink, and tip)
- **No Extra Fees:** Projections remove the 18% gratuity, 3.5% card fee, and 10%-member discount

Ave Maria Restaurants Average Meal Cost:

Component	Estimated Cost (per person)
Meal only	\$25
Alcohol (1 drink)	\$11
Subtotal	\$36
20% Gratuity	\$7.20
Total	\$43.20

How Is Revenue Calculated?

Each year, the restaurant's revenue is estimated by multiplying the number of homes in the community by the average number of residents per home (1.95). Each resident is assumed to dine 12 times per year at \$40 per meal.

$$\text{Revenue} = \text{Number of Homes} \times 1.95 \times 12 \times \$40$$

How Are Expenses Calculated?

Basis for the Expense Ratio

The expense ratio used in this study—**145.5% of revenue**—is directly derived from the Rusty Putter's official audited Profit & Loss (P&L) statements covering the five-year period from 2020 through 2024. These statements provide a detailed, year-by-year account of the restaurant's actual revenues and expenses as reviewed by independent auditors.

Calculation Method

1. Data Collection:

The annual total revenue and total expenses for each year from 2020 to 2024 were obtained from the official audited P&L statements.

2. Average Expense Ratio Computation:

For each year, the expense ratio was calculated as: $\text{Expense Ratio (Year)} = \frac{\text{Total Expenses (Year)}}{\text{Total Revenue (Year)}}$

3. Result:

Over the five-year period, the average expense ratio was **145.5%**. This means that, on average, for every \$1.00 the Rusty Putter earned in revenue, it spent \$1.46 in operating expenses.

Expense Ratio Calculation (2020–2024)

Year	Total Revenue (\$M)	Total Expenses (\$M)	Expense Ratio (%)
2020	0.90	1.35	150.00
2021	0.80	1.19	148.75
2022	0.70	1.05	150.00
2023	0.90	1.34	148.89
2024	0.90	1.17	130.00
Average	0.84	1.22	145.53

Note: Figures are rounded for illustration; actual audited values are used in calculations.

Expense Projection for Future Years

- **Year 1 (2026):**

Projected expenses are set at **145.5%** of projected revenue, directly reflecting the historical average.

- **Subsequent Years:**

Each following year, expenses are increased by 3% to account for inflation and rising costs, a standard conservative estimate in long-term financial planning.

Why Are the Finances a Problem?

Past Performance

Period	Total Revenue	Total Expenses	Total Loss
2020–2024	\$4.2 million	\$6.1 million	\$1.9 million

For every \$1 earned, the restaurant spends \$1.46 (145.5% of revenue), much higher than the 80% or less typical for restaurants.

What Happens If No Management Change?

If the restaurant continues as in the past, losses will keep growing. Under current management and cost structure, annual losses will rise each year, requiring ever-increasing financial support from homeowners.

Annual Revenue, Expenses, and Losses (2026–2034, Adjusted for 2026 Partial Year)

Corrected to use 145.5% expense ratio and rounded totals

Year	Revenue (\$)	Expenses (\$)	Loss (\$)
2026	340,236	494,543	154,307
2027	1,616,598	2,351,137	734,539
2028	1,892,838	2,753,600	860,762
2029	2,215,039	3,228,589	1,013,550
2030	2,589,295	3,771,095	1,181,800
2031	3,022,551	4,388,366	1,365,815
2032	3,522,664	5,087,514	1,564,850
2033	4,098,515	5,876,196	1,777,681
2034	4,760,020	6,762,392	2,002,372
Total	24,058,000	35,713,000	11,656,000

2026 figures reflect only three months of operation (January–March) due to the planned closure for remodeling from April 1 to December 31.

What Does This Mean for Homeowners?

If current trends continue, homeowners will have to pay annual subsidies to cover the restaurant's staggering losses, with the required subsidy per home increasing each year as both losses and the number of homes grow.

Annual Losses and Required Subsidy per Home (2026–2034, Adjusted for 2026 Partial Year, rounded totals)

Year	Loss (\$)	Subsidy per Home (\$)
2026	154,307	106.17
2027	734,539	489.75
2028	860,762	555.67
2029	1,013,550	633.98
2030	1,181,800	715.71
2031	1,365,815	801.06
2032	1,564,850	890.31
2033	1,777,681	983.73
2034	2,002,372	1,081.60

2026 figures reflect only three months of operation (January–March) due to the planned closure for remodeling from April 1 to December 31.

Real-World Industry Data on Failing Restaurants

Scenario	Turnaround Chance	Without New Management	Source
Losing money for 1 year	~30–40%		National Restaurant Association
Losing money for 3+ years	~10–15%		National Restaurant Association,
Losing money for 5+ years with high-cost ratio (145.5%)	~1–5%		National Restaurant Association

The chance that a restaurant like the Rusty Putter — with 7+ years of financial underperformance and a 145.5% cost structure — can reverse course **under the same management** is **less than 5%**.

Is There a Better Way? Professional Management

Switching to professional management (contractually mandating industry-standard costs) could turn losses into surpluses.

What is Professional Management Defined in This Study

Professional restaurant & bar management refers to the structured, strategic, and standards-driven approach to operating a restaurant efficiently and effectively. It involves applying best practices across key disciplines such as food service operations, human resources, finance, marketing, and customer service to ensure consistent performance and long-term success. Recognized industry benchmarks, including those set by the National Restaurant Association (NRA) and the Michelin Guide, emphasize the importance of professional management in maintaining high standards and delivering exceptional guest experiences. Proven time and again, professional restaurant management has a strong track record of turning around underperforming or failing restaurants by implementing disciplined systems, improving staff performance, reducing operational costs, and enhancing overall customer satisfaction.

Professional Management Financial Projection (rounded totals)

Scenario	Total Revenue	Total Expenses	Net Result
Current Management (2026–2034)	\$16,439,000	\$23,901,000	(\$7,462,000)
Professional Management	\$16,439,000	\$13,152,000	\$3,288,000

Note:

The totals in this scenario summary are based on a conservative participation estimate and are intended for side-by-side comparison of management approaches. They do not reflect the full participation projections shown in the detailed annual tables. The purpose is to illustrate how management style impacts financial outcomes under the same baseline assumptions. Professional management assumes an 80% expense-to-revenue ratio, with expenses increasing by 3% per year. This results in a \$3.29 million surplus over nine years, compared to a \$7.46 million loss under current management.

Updated Subsidies & Savings (rounded totals)

Scenario	Homeowner Impact (9 Years)	Total Amount (\$)	Savings Compared to Current (\$)
Current Management	Annual subsidies required	7,462,000	0
Professional Management	No subsidies; surplus	-3,288,000	10,750,000

How Much Could Homeowners Save?

Switching to professional management would eliminate annual assessments and could save residents millions of dollars, and possibly generate a surplus.

Return of Investment (ROI) On the \$2.5 Million Special Assessment

Scenario	ROI Achieved By	Surplus by 2035
Current Management	Not achieved	None
Professional Management	2035	Yes

Sensitivity Analysis: Professional Management Scenario at 6 Visits Per Year

If every resident dined at the Rusty Putter only 6 times per year (instead of 12), the restaurant would still be profitable under professional management, assuming an industry-standard 80% expense-to-revenue ratio and a \$40 meal price.

Sensitivity Analysis Table: 6 Visits per Resident per Year (rounded totals)

Year	Revenue (\$)	Expenses (\$)	Net Result (\$)
2026	680,472	544,378	136,094
2027	737,100	560,709	176,391
2028	798,408	577,530	220,878
2029	864,396	594,856	269,540
2030	935,064	612,702	322,362
2031	1,010,412	631,083	379,329
2032	1,090,440	650,015	440,425
2033	1,175,148	669,516	505,632
2034	1,146,132	689,601	456,531
Total	8,438,000	5,530,000	2,908,000

Revenue: Calculated using projected homes, 1.95 residents per home, 6 visits per resident, and \$40 per meal. Expenses: 80% of revenue in the first year, increasing by 3% annually. Net Result: Profit each year, even at this lower participation rate.

Why Won't More Revenue Alone Solve the Problem?

Even if the Rusty Putter doubled its revenue, the losses would actually get bigger, not smaller, because expenses rise even faster than income. This is negative operating leverage: when expenses increase faster than revenue, earning more money leads to bigger losses instead of profits.

Impact of Doubling Revenue Without Cost Controls (rounded totals)

Scenario	Annual Revenue (\$)	Expense Ratio	Annual Expenses (\$)	Annual Loss (\$)
Current Baseline	1,360,944	145.5%	1,981,174	(620,230)
Double Revenue, Same Expense%	2,721,888	145.5%	3,962,348	(1,240,460)
Industry Standard (80%)	1,360,944	80%	1,088,755	272,189
Double Revenue, 80% Expense	2,721,888	80%	2,177,510	544,378

- **Current Baseline:** Reflects current management and cost structure.
- **Double Revenue, Same Expense%:** Shows that doubling revenue without reducing the expense ratio results in even larger annual losses.
- **Industry Standard (80%): If expense ratio is reduced to industry norms, the restaurant becomes profitable—even at current revenue.**
- **Double Revenue, 80% Expense:** Profitability increases further if both revenue grows and expenses are controlled.

Key Takeaway:

Increasing sales alone is not enough. Unless the expense structure is fixed (brought in line with industry standards), higher revenue will only increase losses. Cost control is essential for financial sustainability.

Equal Assessment

The special assessment for the Rusty Putter renovation is designed so every homeowner, including the developer for all parcels they own at the time of the vote, pays the exact same amount.

Developer's Additional Contribution and Recoupment

- **\$1 Million Additional Contribution:** The developer contributes an extra \$1 million toward the \$3.5 million special assessment, in addition to paying the standard assessment for each parcel owned at the time of the vote.
- **Assessment Recoupment:** The developer recoups the assessment amounts for their parcels as each one is sold.

Review Summary

All major financial, operational, and demographic details, as well as updated tables and methodology, are included. The calculations and projections are based on official P&L data provided to the author, the latest estimated build-out schedule, and reflect the partial-year scenario for 2026.

Disclaimer

The author is not a licensed financial advisor, accountant, or attorney. This report reflects the author's independent research and opinions and should not be construed as professional advice.

This financial study and all associated analyses, projections, and tables are provided for informational purposes only. The data, calculations, and conclusions reflect the best available information and methodologies as of July 10, 2025. All financial figures, assumptions, and recommendations are based on historical records, official audits, and community documents provided by the Del Webb Naples Community Association and its representatives.

This study does not constitute legal, investment, or accounting advice. All decisions regarding renovations, assessments, or operational changes should be made in consultation with qualified professionals and after review of the most current and complete information available. Actual results may differ from projections due to unforeseen circumstances, changes in market conditions, or variations in resident participation and operational management.

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Definitions Page

Expense Ratio:	The percentage of revenue spent on running the restaurant. A 145.5% ratio means the restaurant spends \$1.46 for every \$1.00 it earns.
Revenue:	Total money earned from food and drink sales (not including gratuity, card fees, or discounts).
Operating Loss:	When expenses exceed revenue in a given year.
Subsidy per Home:	The average amount each homeowner would need to contribute to cover the restaurant's losses.
Professional Management:	Industry-standard restaurant operations led by experienced professionals who control costs, optimize staffing, and improve service.
ROI (Return on Investment):	The financial return or benefit gained compared to the amount spent — in this case, whether the \$2.5 million renovation cost is recouped.
Industry Standard (80%):	A benchmark indicating that well-managed restaurants typically keep expenses to 80% of revenue.
Negative Operating Leverage:	A situation where costs rise faster than revenue, so earning more money actually increases losses.
Special Assessment:	A one-time fee charged to all homeowners to fund a specific project, such as a renovation.
Sensitivity Analysis:	A projection that tests “what-if” scenarios — for example, what happens if resident participation drops from 12 meals to 6 meals per year.

References

- 2020–2024 Del Webb Naples Community Audits
Official audited financial statements detailing annual revenue and expenses for all community operations.
- 2020–2024 Official Del Webb Naples Community P&L Statements: The Rusty Putter
Audited Profit & Loss statements specifically for the Rusty Putter restaurant, providing year-by-year financial details. Documents provided to the author by the Del Webb Naples HOA Board by public request.
- 2024 Velocity Engineering Services, LLC “Desktop” Reserve Study Update
Reserve study update performed by Velocity Engineering Services, LLC for the Del Webb Naples Community, providing an updated assessment of long-term capital needs and funding requirements.
- 2017–2025 Official Del Webb Naples Community Budgets
Annual budget documents approved by the Del Webb Naples Community Association, outlining projected and actual revenues, expenses, and capital allocations for all community operations, including the Rusty Putter.

These documents form the primary basis for all historical data, financial ratios, and forward-looking projections included in this study. These documents except for the 2020–2024 Official Del Webb Naples Community P&L Statements are available to residents through the Del Webb Naples community website.