

RESORT PROFILE

Getting it Right: Royal Dunes Resort in Hilton Head, S.C.

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Royal Dunes Resort does not have dramatic before / after photos or a major renovation success story because the resort has always been consistently well-maintained and managed, which has contributed to a happy owner base paying their maintenance fees on time year after year. This is an example of a timeshare resort getting it right.

How do they do it?

The key to this resort's success is proper planning, which has allowed the resort to keep up the common areas and buildings without major surprise expenses. In addition, proper budgeting has allowed the resort to make consistent upgrades and add new, noticeable features each year so owners are always greeted with a consistently well-maintained resort and something new. This past year, for example, a playground was added for owners and guests with children. Will Potter, General Manager of the resort, commented, "Every year, we budget some money for enhancements or added amenities for the

guests and owners. Not all are large-scale projects like the playground but could be some smaller items like grills, pool pavers, shuffleboard court, or a fire pit. We try and improve the property every year in some way that is noticeable and used frequently by our guests/owners whether it be adults or children."

The cornerstone of their planning is a reserve study that shows the lifespan of capital items and a ten-year reserve budget. The budget gives the resort an outline of capital items that need to be replaced. For example, soft goods in the units like mattresses, sofas, armchairs, carpets, and drapes are replaced every 5 years. Hard goods like appliances, cabinets, tile, dressers, nightstands, and end tables are replaced every 10 years. This ten-year budget is updated annually by SPM management and the budget committee made up of 2 board members, and then is reviewed by the entire board. Ken Pfeifle, Regional Vice President for SPM Resorts, added, "Working with the Board to update the ten year budget each year has allowed us to look at the big financial picture of

the resort, and spread out major expenses in a strategic way."

Having this plan in place allows the Board to budget long-term for these improvements and enhancements, avoiding the need for special assessments or bank loans. The ongoing improvements contribute to a happy owner base, and the resort has a high collection ratio as a result, also allowing them to fully fund the reserve fund every year. Budgeting in this way keeps maintenance fees relatively stable with few increases over the years, and Royal Dunes has one of the lowest maintenance fees in Hilton Head for a 3-bedroom unit.

Designed for families, these units have two master bedrooms with bathrooms, spacious living areas, large kitchens, and an additional bedroom with twin beds and bathroom. Hilton Head has a variety of activities for families and couples including kayaking, golf, bike riding, tennis, dolphin tours, shopping, and dining, which makes it a popular destination for owners and exchangers. Potter



noted, "We see owners in Gold and Platinum Seasons come back every year. On average, our owners make up 65% to 70% of our occupancy, while exchanges making up the remaining 30% to 35%. During the Bronze Season, occupancy is made up 50/50 owners to exchangers as many of our owners take advantage of our high trading power to travel to other resorts."

With so many owners visiting year after year, the Board made a commitment to consistently update buildings, units and common areas by following the reserve study. The renovation cycle is a five year period, and one building per year is renovated during that cycle, rather than renovating all buildings at the same time. Potter noted, "Our occupancy is so high, there is no way we could



do more than one building each year." The most recent renovation project began in January of this year.

Hospitality Resources & Design out of Orlando created the design, and worked within the budget to create a new, stylish look for the units. Mary Daust, Vice President of Hospitality Resources & Design, said, "At HRD, we always research the area and learn why a potential guest/ owner picks the location and that becomes our inspiration. Our design team centered our color scheme around the Hilton Head natural scenery and you can see all of those colors reflected in our artwork and fabrics." This phase of renovations includes new paint, furnishings, light fixtures, ceiling fans with lights, cabinets, doors, countertops, high rise toilets, replaced a soaking tub with walk-in shower, a Jacuzzi tub, bathroom vanities with granite tops and mirrors, shower curtains, plumbing fixtures, new cultured marble surrounds the shower/tub areas replacing tile, new vents, flat screens in every bedroom/living room, draperies, full length mirrors in master bedrooms, artwork, carpet, light fixtures, and artwork in the corridors. Daust added, "The design team at HRD remains up to date on current trends while considering the long term maintenance of all items that will be placed in the units." One of the interior design trends in recent years has been to replace the comforter

or quilt with layered, easy-to-laundry bedding that includes patterned pillows and matching bed scarf to add color and depth to a room. She continued, "We found that guests toss bed scarves on the floor, and they can be expensive to replace. To resolve that issue, I worked closely with our design team to create a custom, unique built in scarf concept that was incorporated into a top sheet. The built in scarf allowed for a high end custom look while reducing the cost and maintenance."

Royal Dunes consists of four buildings, and the first building in the current 5 year cycle was renovated in February. One building will be completed each year until this phase of renovations is complete, and then the planning for the next renovation project will begin. Bill Young, President/CEO of SPM Resorts, said, "Royal Dunes Resort is an example of how a timeshare resort can budget wisely to stay up to date and be proactive to keep owners happy year after year."

Eric Gowins, Board President, commented, "The owners really enjoy all Royal Dunes has to offer: recently renovated units, close proximity to the beach, weekly cookouts, and great amenities like the grilling area and the pools. This is a special place for our families to make memories year after year. I think the Royal Dunes Board and SPM make a great team, and we have worked very closely with SPM management to ensure that owners remain happy with their timeshare purchase."