The idea of designing a golf course within a budget might seem foreign to individuals involved in golf course development or management. But with a growing interest in development of stand-alone daily-fee courses, today's golf developers are beginning to approach construction with the level of sophistication of other real-estate products.

The essence of our approach makes three primary assumptions. First, it's possible to anticipate the performance of the golf course by looking at the physical demands of operation. The industry's most comprehensive service network of factory-trained technicians that puts professional help only a phone call away. While a lower-rated enclosure may fail under harsh conditions, and the NEMA 4 enclosure provides optimum weather resistance and protects vital electrical components from chemical corrosion and water damage.

Second, the construction cost is estimable prior to construction. Unit costs for earth moving, tee and green construction, irrigation systems and other variables are available and can be used to prepare a detailed budget prior to design.

Third, the same way a structural architect designs to a budget when preparing plans for a building, a golf course architect should design a budget when preparing plans. This process begins with preparation of a feasibility analysis that compares the demand within an existing market to the existing supply. From this, a 10-year operating pro forma estimates the number of rounds that can be captured annually and the average daily green fee. By calculating the total operating income over 10 years and assuming a sale at that point, it is possible to estimate the present value of the income stream or maximum construction budget for the course based upon a desired annual rate of return.

Establish demand
To establish the unmortgaged demand in a market, it's necessary to profile the key indicators that impact the supply and demand for golf and related products in the area. This is done through an in-depth socio-economic investigation and evaluation of the area's economic base. Patronage, with the exception of resort facilities, comes mostly from permanent residents of the primary trade area. Support may come from residents of a secondary trade area: hotel, motel and resort guests, "day trippers" and house guests.

All of these submarkets must be quantified, profiled and protected to estimate current and future demands for golf by year, by month and day of the week. The feasibility process includes preparing a pro forma and an operating income model that compares the annual revenues and expenses over 10 years, resulting in the projection of net operating income for each year.

With an operating income of $534,058 in the fourth year, and a desired rate of return of 15 percent, the amount of revenue available for construction costs would total $4,270,000. This number is determined by calculating the current value of the 10-year income stream, depreciation for tax purposes, and the appreciation of the facility over time.

Once you've determined a total budget, you can begin the design process. It's important to point out, however, that the golf course does not have to be built to the total value, which can be capitalized if this amount exceeds what is necessary to complete the development in the marketplace. It does, however, suggest that building a golf course in excess of this amount is not likely to be a sound, stand-alone investment.

Add it up!
It equals superior pumping performance.

FLOWTRONEX PSI
Pumping Systems

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