IRS to allow depreciation

By A. OVERBECK

WASHINGTON—After two years of negotiations, the National Golf Course Owners Association and consultant KPMG have emerged victorious in their depreciation battle with the Internal Revenue Service. The IRS, which had been considering the matter under its Industry Issue Resolution pilot program, issued revenue ruling 2001-80 in late November that will allow golf courses to depreciate the costs of modern green construction.

According to KPMG's Bill Ellis, the ruling is an "economic stimulus tax package" that could save individual golf courses hundreds of thousands of dollars.

Show preview GCN covers it all from the 52nd annual GCSAA championship to a run down of all the major shows....19

Golfer Profiling

- 40-64 years of age
- Incomes over $75,000
- Live in large metropolitan areas
- No longer have small children living at home
- Majority are concentrated in three areas of the country:
  - East North Central
  - South Atlantic
  - Pacific

Source: Golf 20/20

Renovation work to surge in 2002

By JOEL JOYNER

LINCOLN, Neb. — The National Golf Foundation has tracked the downward slide in new golf course construction projects this past year, and the industry is bracing for the impact. For many golf course builders and architects, course renovations in 2002 will prove to be a more valuable source of income in keeping businesses afloat and the golf economy in motion.

As new course construction seeks a comfortable balance between supply and demand, restoration and modernization of existing courses will carry a lot more weight, according to builders and architects.

BUILDERS SEE INCREASE

For Landscapes Unlimited, 2001 was a record year for new construction and renovation work, according to Brad Schmidt, vice president of Landscapes Unlimited headquartered here. "We've been gearing up for quite some time for renovation business in 2002, '03 and '04," he said. "For several years now, 30 percent of our business has been renovation work. That percentage could increase as much as 20 percent this year and make it 50/50 with new construction."

Schmidt has not seen an increase in competition on bidding for renovation projects to date, but he certainly expects it. "One of the ways an older course can remain competitive is by upgrading," said Schmidt. "If they don't, they just might die on the vine. There's still a lot of opportunity out there, in new construction as well. It's just that the menu has been reduced drastically."

The renovation market has been strong in the past two to three years during the golf course building boom, according to Andrew Crouch, director of business development for ASL Golf Course Construction in Waitsfield, Vt.

Turf researchers debate biotech buffer zones

By JOEL JOYNER

RIVERDALE, Md. — It seems that anything genetically modified these days has the potential to become a controversy. When it comes to golf, the big question is whether or not there is such a thing as a safe buffer zone for open pollinated genetically modified turfgrasses.

After the Supreme Court ruled in 1980 that genetically modified organisms (GMO) could be patented, commercial endeavors took off. By 1992, the U.S. government approved the first GMO product—a Flavr-Savr tomato with a delayed ripening gene.

Today, two seed companies both researching transgenic creeping bentgrass, the Scotts Co. and Turf Seed, have a difference of opinion on what is Continued on page 27

American Golf working to regain profitability

By PETER BLAIS

SANTA MONICA, Calif. — Despite recent reports that American Golf Corp. (AGC) may not be able to make scheduled rent payments to one of its major landlords, National Golf Properties (NGP), AGC management is confident it has taken steps to cover future expenses and return to profitability in 2002, according to co-CEO David Pillsbury.

The past six months have not been kind to the company that is the largest golf course operator in the country. In November, shares of National Golf Continued on page 27

Ford’s THINK neighbor enters production

By ANDREW OVERBECK

DETROIT, Mich. — Ford Motor Co. has launched the THINK neighbor, the first of its line of low-speed electric vehicles. While the neighbor is primarily aimed at private users in resort and gated communities, it does have a "golf" setting that will allow it to be used on courses.

"We probably won’t market it much on the golf course fleet business at this time," said Chris Klein, national accounts manager with THINK Mobility. "Because this is designed for private use, what we are looking to do is go after private golf course owners right now."

Klein, who used to work for E-Z-Go as a territory manager, said the vehicle will be introduced in California first where a percentage of Ford vehicles sold must...
has already proved to be helpful. "I run into people that are building a new course and
the design work to Tim and the con-
struction management to Chris," he said.
"We are always feeding each other leads.

Hohman spent 2001 "working on 200 different deals" and putting together sev-
eral consulting agreements.

As far as third party management is
cconcerned, Hohman said that the com-
pany is involved with a group that is buy-
ing Kiskiack Golf Club in Virginia from
the National Golf Properties portfolio and
is currently managing Maryland National
in Fredrick, Md. He said the company is
close to a couple other deals in Florida.

"We have seven or eight deals that we
will close in the next couple months," he
said. "We are also doing consulting jobs for
new developments to help them develop
due diligence and operational analysis. We
are hoping those will develop into ongoing
third party management contracts."

At the Art Hills-designed Maryland
National that will open this summer,
Hohman has been able to put together a
management team from scratch. Mike
McGillicuddy, a former American Golf
employee and the former manager of the
TPC at Heron Bay, will be the general
manager, and Brian Zigalos will be the
superintendent.

"We are creating a staff from the ground
up," Hohman said. "Being able to establish
all the systems, policies and procedures
from day one makes a big difference."

According to Hohman, there are many
turnaround opportunities out there, even
in overbuilt markets.

"There is no shortage of opportuni-
ties," he said. "Every course has a niche
in its market."