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 has 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 per year.

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 testing of 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 needed to protect open pollinated testing areas.

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 car 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
Ford rolls out THINK neighbor with six 12-volt batteries and has a range pounds, is eight inches wider than an
Continued from page 1

washer, sand and seed bottles; and a bag rack.
Continued from page 11

mately $6,495.

ing a utility vehicle model
division will be introduc-

Wipff determined in their study,
Gene Flow
ration, Pure Seed Testing, performed their
work for Ford as a marketing manager

indifference from exist-

for its pickup truck line.

Lack of a traditional distribution net-
work will also pose a competitive disad-
vantage, according to Ron Skenes, mar-
ket communications coordinator for
E-Z-GO. “They have name recognition,
but distribution is the challenge,” he said.
“Dealers with showrooms are not how
courses purchase golf car fleets.”
Ford’s entry into the market, however,
may lead golf car manufacturers to get
into the neighborhood electric vehicle market. Reedsburg, Wis.-based Colum-
bia Par Car will introduce a product into
that niche this year and other car makers hinted that they might follow.

“They expand people’s ability to get
around, and the electric vehicle is a new
way to do it,” said Yamaha’s president
Bill Szarowicz. “I am glad Ford is doing it
because it shows that golf cars are not
just for golf anymore.”

Biotech controversy

Biotech controversy

tested by APHIS, according to Horman. A tentative timeline for release is in the fall 2003.

TURF SEED, INC.

Bill Rose, president of Turf Seed, Inc. in
Hubbard, Ore., would argue that there is no
such thing, to date, as a safe control zone for
testing open pollinated transgenic
bentgrass. Rose’s company’s research corpo-
rature, Pure Seed Testing, performed their
own evaluation on GM pollen outflow in
2000 in order to establish their position.

The research company’s president, Crys-
tal Rose-Fricker, and researcher Joseph
Wright determined in their study, Gene Flow
from Transgenic Creeping Bentgrass in the
Willamette Valley, that introduced genes in
bentgrass can release GM pollen to
distances up to and greater than 3,000 feet.

“The APHIS regulations are not safe at all,” said Rose. “In our study, all species of
grasses that we exposed the transgenic pol-
en to received it, and they were capable of
reproducing and sending the introduced
gene on further. We met with APHIS and
presented our position to them, but they
were basically non-committal.”

Rose pointed to the Aventis Starlink fiasco
last year when their Bacillus thuringiensis
(Bt) corn — approved by the Food and Drug
Administration for animal consumption only—
prompted public fears of allergens as the prod-
uct found its way into taco shells.

“Amylase familiar with the Starlink case
with Aventis know that it just about broke
that company,” said Rose. “Aventis not only
had to reimburse the farmers that grew the
formerly modified corn, but all the farms

Aquatrols sends up new products, ends
supply agreement with Turf Partners

Aquatrols sent up new products, ended
supply agreement with Turf Partners

penetrate almost immediately reducing
runoff and evaporation, thereby reduc-
ing water and electricity consumption.

While the product only lasts a couple of
weeks, Gagne said it costs $4.25 an acre.
The company’s other brand new product
is an algaecide that is cur-
rently nameless because the Environ-
mental Protection Agency did not
approve the original name.

“I have been doing this for 30 years,”
Gagne said, “and I never had the EPA reject a name.”

Aquatrols uses a form of copper that carries a double
positive charge allowing it to distribute it-
self evenly throughout a pond and last longer than
conventional copper algaecides that only
have a single positive charge.

The advantage is that it lasts longer
and can be distributed evenly from
one location,” said Gagne. “Other products
require multiple points of entry.”

Aquatrols purchased the turf market
rights for the product from Arkansas-
based Earth Sciences Laboratories.

In other news, Aquatrols has termi-
nated the supply agreement that it had
originally signed with Eco Soil Sys-
tems to manufacture a line of private
label products.

When Simplot purchased Eco Soil’s
distribution company Turf Partners and formed Simplot Part-
ers, Aquatrols continued to honor the manufacturing agreement for the
new company. That will all change for
2002.

“Going forward we didn’t feel that it was an out-
let that we wanted to keep going,”
said Gagne.

“It had nothing to do with Simplot Partners,
and more to do with the fact we felt it was interfering with our branded products.”

The products in question include
Brilliance, Rely II, Rely Granular, ReWet, ReWet Granular, and Sy-
ringe. Simplot Partners said that it
will continue to market and sell the
products but declined to disclose
whether the company will manufactu-
re the products itself or sign an
other outsourcing agreement.

American Golf

American Golf

Properties (NYSE: TEE) fell 23 percent
after the course owner, which leases 137
acres to AGC, said AGC might be unable
to make its full rent payments in 2001.

NGP, which is AGC’s largest single land-
lord, said it might have to renegotiate its
leases with the management company.

Three months ago, National Golf said
that American Golf had a technical de-
fault on its debt. A technical default oc-
curs when a borrower violates a covenant
governing the terms of its debt.

NGP cited a weak economy, bad
weather and the terrorist attacks of Sept.
11 as having hurt golf industry revenues.

Also, a record growth in the number of
courses, with little increase in the num-
ber of golfers, has led to more competi-
tion. NGP’s properties in Las Vegas and
Phoenix have been particularly affected
by the recent decline in tourism.

“A couple things are important to real-
ize,” said Pillsbury, whose company man-
age roughly 300 courses. “First, our gross
revenue is off four to five percent from the
previous year’s numbers, which are far from a disaster.

A lot of businesses in America — given the
recession and the events of Sept. 11 — were
to keep going,”

— Ron Gagne

Going forward, it was an outlet that we didn’t want to keep going

of all its rents, a substantial capital invest-
ment back into the business and a signif-
ificant profit. “We have a responsible, conser-
vative business plan and a management
staff to implement that plan,” he said. “We
are confident in our ability to significantly
improve our operating results in 2002.”

AGC began taking steps to reduce costs
six months ago when it anticipated a de-
cline in revenues, Pillsbury said. The com-
pany reduced overhead expenses by 25
percent, eliminating savings of more than
$10 million; made efficiency improve-
ments and cut costs; divested itself of a
dozens non-strategic, non-profitable courses;
and developed responsible budgets and
forecasts for 2002.

Pillsbury said some of the cost-cutting
moves involved layoffs. “There is nothing
more difficult or painful for someone in
management to have to do,” Pillsbury
said. “And it’s hard for the people who
Fellow co-CEO] Joe Guerra and I
did town meetings across the United
States with our management teams, talk-
ing straight with our co-workers about
the changes we were making and work-
ning with them to develop a plan.”

AGC is still negotiating new course leases, although not at the same pace as in
the past, Pillsbury said. It will likely
shed several additional courses in the
coming months. Pillsbury expects AGC
to have 280 to 290 courses in its portfolio
by the end of 2002.

“Our business plan for next year, which
will make us very profitable and more
than meet all our obligations, does not call
for increased revenues,” Pillsbury said. “That’s
the appropriate way to go into a year like
2002, where there is some uncertainty.”

Pillsbury said AGC has produced a finan-
cial plan for 2002 that calls for full payment

of American Golf

Gagne said, “and I have to reimburse the farms that grew the
products. "I have been doing this for 30 years,”
Gagne said, “and I never had the EPA reject a name.”

Aquatrols

For 2002, Pillsbury expects AGC to
increase revenues, "That’s the appro-
appropriate way to go into a year like
2002, where there is some uncertainty.”

Pillsbury said AGC has produced a finan-
cial plan for 2002 that calls for full payment

JANUARY 2003 57