Giampaolo Investments—a Canadian real-estate company based in Brampton, Ontario, that owns a mix of industrial, commercial and residential developments—wanted to diversify its portfolio even more. That led the company to develop its first golf course—The Club at Bond Head, an upscale, 36-hole, daily-fee golf facility in Ontario.

But building the golf course was anything but easy. Water and land restrictions made it difficult.

The facility consists of two championship-length golf courses that sit on about 500 acres of land. While the topography of the land was conducive to providing high-quality golf holes, very limited water resources were available for irrigation, especially during grow-in. The site features rolling farmland, forested hills and creek bottomlands.

Mark Hansen, director of real-estate for Giampaolo Investments, says the land on which Bond Head was built is near the Oak Ridges Moraine, a government-protected area that sits on the largest underground aquifer in Canada. The government planned to restrict development in the area further, but before the proposed restrictions took effect, Giampaolo purchased 1,000 acres of land.

"The lay of the land lent itself to being a links-style course," Hansen says. "The biggest thing I wanted was an architect to see and utilize what was there and not move a lot of dirt. I personally interviewed and hired (golf course architect) Jason Straka (of Hurdzan/Fry Design Golf Course Design). Mike Hurdzan flew up here for the meeting. Everybody else sent their minions. That's what did it for me. He took the time to come here himself. At the same time, we were interviewing him, he was interviewing us. That's what you want in a good architect. They were a top-notch firm from day one. They're world-class.

"We had areas where we battled, but we found good working ground," he adds. "I want to save money, and architects want to spend it."

Hansen says if he was going to build 36 holes, he wanted two different golf courses. Giampaolo did. One is a links-style course (South Course), and the other is a parklands-style course (North Course).

The soil condition of the land, however, was erratic. Some areas of the site consisted of heavy topsoil and clay, and others were deep glacial deposits of sand and gravel, which meant different areas had various capacities to retain moisture.

A perennially flowing stream named Penville Creek bisects the site, but drawing water out of the creek as needed wasn’t permitted. There also are two intermittent streams that feed Penville Creek that were impounded for cattle ponds as part of the site's previous farming use. Additionally, two on-site wells pumped at a rate of 50 gallons per minute (300 gpm is needed for most golf course irrigation systems), but only one of the wells was permitted for use. No municipal water, including potable and effluent, was available for use.

Based on these restrictions, the design team identified five solutions to deal with the water limitations.

**Drought-tolerant grass**

First, the team identified the most drought-tolerant turfgrass species and drought-resistant greens construction method, which included designing the South Course to be an all fescue (a blend of Chewsings, sheep and creeping red, with hard fescue in the secondary rough) golf course, except the California greens, which are A-4 bentgrass.

"The different soil types will tend to support one variety a bit better than the others because of their moisture-holding capacity," Straka says. "In this manner, the water requirements throughout much of the golf course would be similar.

"Additionally, we chose a sand that passed greens construction specifications on the finer particle size range," he adds. "This allowed for slower water movement throughout the profile and greater capillary action."

The greens on the North Course were
A drought-tolerant fescue blend was used for the tees, fairways and rough on the South Course. Photo: Jason Straka

constructed and grassed using the same specs as the greens on the South Course, but the rest of the North Course was planted in a more traditional North American style of bentgrass fairways and tees and bluegrass/fescue rough.

Ian McQueen, the golf course superintendent who oversees both courses, was the assistant at Magna Golf Club in Aurora, Ontario, before coming to Bond Head. McQueen was interested in being part of a grow-in, becoming a head superintendent and maintaining an all-fescue golf course, which hadn't been done on a public golf course in Ontario.

McQueen says there's always been a concern about water, but there's always been enough to capture in the spring. It's just a matter managing it throughout the year.

"With fescue, the perception is it doesn't need as much water as bentgrass, which is true," he says. "But it needs just as much water as bentgrass when you're establishing it. I never grew in fescue before, and it is much slower than growing in bentgrass. There also are more washouts with fescue. It was challenging."

Capture and recycle

Third, a drainage system feeds the ponds as much as possible to recycle and capture excess surface water. The Club at Bond Head has several hundred catch basins that capture surface water and conveys it to outlet points via miles of subsurface pipe that leads to the two enlarged ponds. Much of the golf course surface water is harvested and captured in these two ponds.

Fourth, to further limit the amount of irrigation water needed, an extensive irrigation system was designed and installed to micro-manage areas of the golf course and limit waste. For starters, the dual-head system installed can water the greens and surrounds separately. This avoids overwatering one area just to meet minimum requirements in another.

A large number of perimeter heads also were installed to avoid watering secondary or no-maintenance rough areas.

"This helps playability by keeping these areas thin, but it also helps avoid overwatering fringe areas to meet minimum watering needs while other areas are getting too much water," Straka says. "This extra number of heads also allowed the design to better overcome the effects of wind on the hilly site (North Course), minimizing the effects of overwatering and evaporation. While this might seem ironic, by strategically placing a greater number of irrigation heads, this design allows the golf course to use less water."

The irrigation system cost considerably more than $1 million, Straka says.

Siphon system

Lastly, a siphon system was designed to capture water from Penville Creek during spring freshet (when snowmelt and spring rainwater overfills the creek), hold it in a large off-site pond and transfer it to the main irrigation reservoir as needed.

A strategic area off-site was located in which a multiple weir system would back up water during spring freshet. The weir system backs up water into a series of pipes that gravity feeds into an adjacent small
Design Case Study

"While this might seem ironic, by strategically placing a greater number of irrigation heads, this design allows the golf course to use less water." - Jason Straka

McQueen started on the project in April 2003, the builder, ASI Golf Course Construction, started moving earth on the South Course. During construction, 383,000 cubic yards of dirt were moved for the North Course by NMP Golf Construction, and 164,000 cubic yards of dirt were moved for the South Course.


"Keep in mind we have a six-month growing season," McQueen says. Hansen says he didn't focus on the building contractors because he let McQueen deal mostly with that. McQueen says he had a good relationship with builders of both courses. Some of McQueen's input included making sure the bunkers were maintainable after they were built, moving some of the bunkers away from greens to allow more room for a mechanical bunker rake to maneuver around the bunkers, and make sure the bunkers weren't too steep.

"Most of my recommendations were acceptable," he says. "There was give and take. I was always thinking about how the course would be maintained. I made sure grades were faster in some areas and slower in others. We have to maintain this course for the average public player."

As McQueen looks back at the construction process, he says he wishes the fairways would have been sand-capped because of the wet soil.

"Overall, the project turned out great," he says.

 Tweaks here and there
Being the first full year of operation with both courses open, McQueen says he changed some fairway lines to give the mowers more room to turn and is concentrating on wear areas. He also checks the sand level in the bunkers and was constantly overseeding and topdressing.

In retrospect, Hansen says the golf course was the easiest part of the development and the clubhouse was the biggest challenge of the whole development because he tried to come up with a theme for two different golf courses and it was difficult trying to accommodate everything.

"I'm just so proud of the whole development and the team we put together," Hansen says. "The course will be recognized as one of the best in the county over time." GCN

164,000 cubic yards of dirt were moved to build the 7,477-yard South Course. Photo: Jason Straka

Website: www.rainbird.com/windsolution.
In addition to being co-owner of a golf car distributor company, a 36-hole golf facility and a golf real estate development company, Walt Lankau and four partners used to own Sterling National Country Club in Massachusetts.

But something had to go, partly because Lankau was trying to simplify his life. "I'm not in the investment mode right now," says the 64-year-old.

So Lankau and his partners decided Sterling National - a private course designed by Michael Hurdzan that opened in 1991 - was what had to go. The group came to a consensus, and about nine months later, sold it to Forewinds Hospitality for an undisclosed price. Lankau and his partners listed the facility with a golf course broker, which brought in potential buyers.

"One of the groups (Forewinds) decided they liked it, and they made us an offer, and we worked it out," Lankau says. "We received an acceptable deal, obviously, because we went through with it."

In many ways, selling a golf course is similar to selling a home. It needs to have curb appeal and be well maintained, and proper record-keeping must be in order. It also helps to have a professional broker help manage the sale.

by T.R. MASSEY
Market conditions

In the current golf market, selling a property isn’t as easy as it was 10 years ago, when the industry was experiencing exceptional growth. The National Golf Foundation’s research indicates there are more than 16,000 courses in America, but no one knows how many of them are for sale. However, brokers claim the old saying, “Every golf course is for sale for the right price,” is true now more than ever.

Steve Hughes, a licensed broker with Kansas City, Mo.-based Hughes and Co., conducts golf course appraisals and says the market is a buyer’s one.

“There are a lot of golf courses on the market,” he says. “Nobody knows how many, but certainly hundreds and perhaps thousands. Most likely it’s hundreds. But 10 years ago, you could hardly find a course for sale.”

Hughes is aware of 12 courses for sale in Missouri, which is 4 percent of the state’s 292 facilities. Although Hughes says there isn’t a way to determine how many courses are for sale nationwide, he estimates 8,000 are potentially for sale at any one time. Of those, only 7 percent are on the national market, however. The rest appeal to local buyers or developers.

Hilda Allen’s Hilda Allen Realty, which specializes in selling golf courses, has closed 214 deals totaling more than $750 million since 1991.

“There is a tremendous amount of courses for sale, probably more than in the hundreds,” Allen says. “The major corporate level is more than 100. ClubCorp has its whole portfolio on the market, except Pinehurst. I just sold three during the past year for Meadowbrook Golf.”

At press time, ClubCorp had a deal pending to sell its inventory of golf courses to KSL Capital Partners for a reported $1.8 billion.

According to NGF, 124.5 new 18-hole courses were built in the United States in 2005, which is a decline from the high-water mark of 398.5 built in 2000. In fact, the number is reflective of the amount of activity in the mid-1990s, a low mark during the past few decades and the beginning of the latest golf course development boom. Also, 93.5 18-hole facilities closed in 2005, according to NGF. Of those, 54 percent were for real estate development.

“So many owners are forced to sell because we’ve overbuilt and golf participation is steady to declining during the past three or four years,” Hughes says. “Many courses aren’t making their debt payment to the bank to stay open. Many buyers are real estate developers who want to enter the commercial market.”

NGF numbers indicate 61 percent of the new golf courses built in 2005 were tied to real estate development, an increase from 35 to 40 percent in the peak years during the late 1990s.

“Many of them are happy to hang on to it and try to make it go for five years,” Hughes says. “But their safety net is that they have this land that’s worth so much per acre.”

Hughes says potential buyers of golf courses realize the land on which the courses sit is worth as much as the course itself, so more potential buyers are developer types because they want to develop now or in the future after they evaluate the market.

“We have a stable of buyers looking for courses, and about a third of them are golf pros who want their own course,” Hughes says. “One third are developers looking to buy ground that just happens to be a golf course, and the other third are corporate golf-type entities.”

Larry Hirsch of Golf Property Analysts in Harrisburg, Pa., believes there are enough properties on the market to keep prices somewhat depressed. But he doesn’t see many courses being bought for purposes other than golf.

“A lot of ours that are for sale will stay golf courses,” Hirsch says. “Right now, developers aren’t as aggressive as they’ve been because the housing market is slowing.”

Yet, Allen doesn’t believe the housing bubble is bursting, especially in the South and Sun Belt. She cites interest rates that, in October, were at a six-month low.

“You can’t just arbitrarily rezone,” she says. “There were a little more than 100 courses throughout the country that were redeveloped. Out of the total, that’s not too much.”

Get it ready

With the market conditions what they are, let’s imagine you’re the owner of a course who wants to sell, regardless of the current business climate. How can you get the best price for the facility in a market that favors buyers? Before anything else, check your records.

“First of all, I would have good, easy-to-read financial statements,” Hirsch says. “It’s a cash business, and as such, many courses’ financial statements don’t accurately reflect the business they’re doing. I’d suggest cleaning that up for a year or two, so your statements reflect your operation. No one will buy a golf course based on what you say it makes unless you back it up with financials.”

It’s paramount to have all paperwork in order, Allen says.

“You need complete disclosure of income and expenses for the last three to five years and what you spent on capital improvement,” she says. “And you need patience.”

Hughes advises tracking revenue.

“If you put money in your pocket, it’s tough to sell,” he says.

Owners also need an updated golf course survey, an environmental report, a list of all equipment and a title for the real estate, Hughes says.

“Sometimes, owners get their surveys and environmental and get rude awakenings when a tee box is on someone else’s ground or a fuel storage tank has been leaking,” he says.

Keeping up with repairs is important, too, Allen says.

“Do all the repairs that need to be done on buildings,” she says. “Make it look like you’re in business. You have to operate until you sell it. Don’t stop spending money on
it and expect to get top dollar.”

Hughes agrees.

“It needs to be in good shape – you can’t let the course get ratty, with weeds and bare spots,” he says. “It’s like a house. You want it to look good.”

When Lankau and his partners had Sterling National on the market, he says they kept the course well maintained.

“We never, ever said, ‘We’re selling, let’s start to skimp.’ That’s not the way we operate,” Lankau says. “You end up paying in the long run because buyers these days are sophisticated and they will negotiate it in the end if you let it run down.”

Hirsch says keeping a course well maintained is important, but one also must consider the nature of a golf course and its location.

“You have to understand the market that’s going to be attracted to the property,” he says. “Some courses, because of their location, gross revenue or quality, are attractive, or not, to certain segments of the market. Some buyers say, ‘I only want to be in a major market with half a million and gross revenue of a minimum of $2 million,’ so you eliminate certain courses. Those that don’t meet that standard are more likely to be bought by local buyers, not national ones.”

Hirsch, who conducts between 50 and 100 appraisals annually, says they’re an integral part of the selling process.

“You approach it like any other appraisal assignment – you identify the appraisal problem and learn about the property,” he says. “The difference between golf courses and other properties is golf courses aren’t just real estate, they’re a business. If you don’t understand that, you’ll have issues.”

Other factors, such as management issues, weather and type of course affect the process, too, Hirsch says. That’s why he says it’s important to pick the right appraiser when selling a golf course.

“It takes a real understanding of what it is you’re appraising,” he says. “That’s where I see big problems – guys who don’t understand golf courses or guys who play golf but don’t understand what they’re appraising. They don’t even understand what it’s like to be a consumer. You have to have someone who understands golf.”

Better business

In the end, though, it might not be enough to have good record-keeping and a well-maintained facility. To feed the bottom line, you might have to go the extra mile.


She says the industry as a whole, and owners specifically, need to boost business by increasing the number of golfers and rounds at their facilities.

“In the South, we’re up – it’s been a little healthier for the past 18 months,” she says. “No hurricanes helps. It appears we’ve had a great season in the Southeast, and the Mid-Atlantic is up a little bit. Because the market is overbuilt, the industry has to let the absorption of less competitive golf courses continue to return to a productive market, Allen says.

“We’re at a saturation point,” she says. “We have to get mom and the kids out there with dad. Baby Boomers need to be playing more than twice a year.”

Allen says she’s worked with owners recently who really understand how to sell the sport.

“We all can’t be Michelle Wie and Tiger Woods,” she says. “We need to make it fun and affordable. We need something else to do while we’re there besides play golf – fitness centers, day-care, walking trails and restaurants are needed. We need a good family atmosphere. If it’s only for daddy, it’s not gonna work. We need to make it a family affair.”

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Health-care coverage, a major expense for most, varies widely throughout the industry.
"One of the concerns is that golf companies and clubs can't raise their green fees fast enough to keep pace with the increases in fixed expenses, such as health-care insurance." – GARY

Health care and its rising costs are hot topics that likely will remain so as the nation continues to grapple with the issue.

The golf course industry is like any other, with management concerned about how to provide health insurance for its employees – many of whom are particularly vulnerable because of the sometimes seasonal nature of their jobs – and workers struggling to provide adequate coverage for themselves and their families.

"It's probably the No. 1 most sought after benefit of employment our members are looking for," says Scott Woodhead, senior manager of government and membership standards for the Golf Course Superintendents Association of America, about health insurance. "The reason is that it's not offered more than it is offered. But people can hardly live without it."

The GCSAA serves as a facilitator to assist its members to find affordable health-care coverage, Woodhead says.

Jay Karen, director of membership for the Charleston, S.C.-based National Golf Course Owners Association, says the NGCOA's program administrator receives inquiries from its members every week about health care. The NGCOA offers group insurance as part of its membership benefits package.

"Many will take a quote from our program and sign up, or they might take that quote and use it as a negotiating tool with their current agent or broker," Karen says. "In both cases, they're taking advantage of the program."

Those who sign up for the NGCOA's insurance plan do so because they receive the same or better coverage for a smaller premium than what their current provider is willing to offer at renewal time, Karen says.

"As you can imagine, renewal time is when course owners inquire more," he says.

Because of the financial pressure health insurance exerts on a facility's budget, the benefit is viewed as closely by management as a weekend warrior eyeing a 5-foot birdie putt. Workers often are asked to pay 20 to 30 percent of the cost of their coverage.

"As clubs have struggled financially during the past five to 10 years and have looked for ways to cut budgets, health insurance is one of those areas they look at," Woodhead says. "Typically, they might ask the employee to pay more of the premium."

Typically, health-care costs amount to about 10 percent of a facility's annual budget, and rising health-care costs concern many.

"One of the concerns is that golf companies and clubs can't raise their green fees fast enough to keep pace with the increases in fixed expenses, such as health-care insurance," says Gary Sciarrillo, general manager of Great River Golf Club in Milford, Conn. "To that end, we're always looking for the best buy in health insurance. We involve our employees in the process, making sure we have a health plan that allows them access to doctors in our area."

"I involve our staff in the process because I want them to suffer as much as I do with the issue," Sciarrillo adds jokingly.

Because of the seasonal nature of a golf course staff, especially in the Northern states, some workers get left out in the cold when it comes to complete health-insurance coverage.

"It goes down the chain of command," Woodhead says. "Because of the full-time nature of the position, perhaps the superintendent will have coverage. But the club might be less willing to pay for coverage for people who aren't working for several months."

Smaller facilities with perhaps three or four full-time employees are more prone to shy away from providing health-care coverage to workers. Larger clubs or resorts that can have several dozen or more
full-time employees usually will offer some type of health-care coverage in their benefits packages.

"A facility that has, say, a golf course superintendent, a golf club manager and a golf professional doesn't have much leverage to get a group plan with discounted rates," Woodhead says. "It's different for a facility that has between 20 and 200 employees."

**Different options**

Some golf course employees, even those who are full-time, sometimes opt to self-insure, often with the club or company they're working for contributing some level of monetary compensation toward the coverage. Woodland says perhaps 30 percent of superintendents throughout the country are self-insured. An insurance plan can cost anywhere between $5,000 and $6,000 per individual.

Often, there are levels of coverage that vary for full-time employees, part-time employees who work more than 30 hours and part-time employees who work less than 30 hours a week.

"Our club provides health insurance for full-time employees only," says Steve Kurta, golf course superintendent at Tuscarora Golf Club in Marietta, N.Y. "A full-time employee is anyone working 30 hours a week or more at least six months a year. I have some employees who would rather have the extra money in their paychecks and risk having no health insurance. It's usually single guys with no kids."

That's not surprising considering almost one quarter of Americans have no health insurance. Many young people just entering the workforce or who have worked less than five years opt not to pay for health insurance.

The Miami Beach Golf Club offers health insurance for its employees, most of whom work full-time.

"One of our advantages is that we don't really have any seasonal workers," says golf course superintendent Rick Reeves. "We go around the year here."

Some employees take advantage of unique opportunities when it comes time to seek health insurance. Eighteen workers at Forest Dunes Golf Club in Gaylord, Mich., a state with a strong tradition of labor rights, belong to the Detroit Carpenters Union. They belong to the union because the Carpenters Pension Fund owns Forest Dunes.

"Every hourly worker receives insurance after a probationary period," says Jim Buck, golf course superintendent at Forest Dunes. "It helps them because even when they aren't working, they can keep the insurance year-round. It costs them in the form of union dues."

Workers at municipally-owned golf courses often are designated as town or city employees and thus have access to benefits including health care, Woodhead says.

**Size matters**

Working for a large firm, such as a hotel chain or golf course management company, has its advantages. Because these companies employ more workers, they usually can attain more affordable health-care coverage.

"Health insurance comes with being employed here," says Robert Schmeck, general manager at the Marriott Seaview Resort in Absecon, N.J. "It's one of myriad benefits Marriott offers its employees."

Seaview employs 550 people, 55 to 60 of whom are on the golf side of the business. Schmeck says there's a copay for health insurance in which the employer pays 67 percent and the worker pays the remainder.

Billy Casper Golf pays 80 percent of its workers' health-insurance costs, according to Doug Juhasz, general manager and director of golf at the BCG-managed Wintonbury Hills Golf Course in Bloomfield, Conn.

"We have 40 full-time and seasonal employees," Juhasz says. "Six are year-round, and the rest are 10-month, eight-month or six-month employees. If you work 39 hours a week for a period of 10 months a year, you get full benefits."

Wintergreen (Va.) Resort is proactive with its employee benefits package, providing medical and dental benefits for its more than 500 associates, says Fred Biggers, golf course superintendent at the facility. The resort covers 70 percent of the coverage costs for full-time workers (32 hours or more per week, year-round).

**Attracting workers**

Even though health insurance can be expensive, enlightened employers view health-insurance coverage as a necessary cost of doing business and a tool to retain good workers, especially those that must be lured back after being out of work for several months.

"It's certainly a tool to keep good people on our staff long-term," Juhasz says.

"It helps keep employees here that might jump to another job for higher pay," says Don Cole, golf course superintendent at the Troon Golf-managed Tera vista Golf Club in Austin, Texas.

Health insurance is a factor with the new hires, Kurta says.

"They will go elsewhere if you don't have a competitive package, and conversely, they will come to you if you do," he says.

Biggers believes good health insurance and dental/vision benefits are important tools when taking good care of employees and they're important tools when hiring and recruiting new associates.

Great River has various tiers of coverage for full-time, seasonal and hourly workers.

"We see the coverage as a way to motivate good workers to strive towards the highest level of benefits and a career position here," Sciarrillo says.

**Workers' comp**

Unlike health-care insurance, workers' compensation insurance is mandated in most states and is a business expense less flexible than health insurance. However, it isn't as big an issue.

"As I travel around the country and meet with owners and operators, seldom do I hear grievances about workman's comp," Karen says. "It's an issue really only for those who have sizeable claims and find it hard to get coverage again or get back a favorable rating. But that is going to be a small percentage of courses."

Sciarrillo says Great River hasn't had a workers' comp claim since he's been there, which has been four years.

"You have to be fairly aggressive with your insurance provider to make the insurance works for you and protects your property against unwanted claims," he says. GCN

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