

Bill Lyons, owner of the Lyons Den in Cleveland, is an example of a small course that does a lot of business.



National Golf Foundation Workshop **DAILY FEE SUCCESS STORIES**

A daily-fee golf course is a high risk proposition at best, but with good management and proper financing it can provide a handsome return.

That is the word over 100 owners, pros, managers and superintendents at daily-fee golf courses got recently at a National Golf Foundation daily-fee management workshop held in Cleveland. Another workshop was held a week later in Burlingame, Calif. As little as two months before the workshop was set to go off, NGF officials were not sure if it was going to be successful. They were not sure they could get enough interest from daily-fee personnel. But their worries were unfounded as men and women attending the eastern workshop hailed from as far as Florida and Canada.

At one point in the proceedings, a suggestion that the workshop be the initial impetus to form a nationwide organization of daily-fee of-

ficials was cheered mightily, but whether or not this comes into reality is anybody's guess, and really up to the daily-fee people themselves.

During the three-day meeting, the speakers touched on various topics, including the fact that statistics show that daily-fee courses are the predominant course being built now, facilities at daily-fees are continually being upgraded, public daily-fee courses benefit rather than suffer during times of unemployment, 90 percent of daily-fee operations lose money on their food facilities, flood plain land might not be a bad investment for a course, daily-fee operators have a chance to influence about 40 percent of new golfers, blanket liability insurance coverage is desired at courses and tax-exempt status for municipal courses could be in question in many areas.

Foundation consultant Harry Eckhoff said that private, member-

owned courses dominated the golf scene until about 20 years ago. At the time of the conference, Eckhoff said there were 11,134 courses in the country — 4,878 daily-fee, and 4,715 private. "Daily fee is now number one," he said. Also, of 277 new courses that went into operation last year, of the 73 additions and 240 courses that went under construction, 64 percent were semi-private daily-fee, 21 percent were private and 16 percent were executive-length and par-three.

"It is the predominant golf course coming into the business, and as I see it, will be for a long time," Eckhoff said of daily-fees.

William Sherman, a California-based golf course consultant, said there are four classes of real estate: (1) apartments, the safest, but with the lowest return; (2) office buildings; (3) business-related, such as motels; and (4) commercial recreation, which is the riskiest, but

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also offers the most return. He said that in any investment, selling or buying, an appraisal is necessary and information about the property has to be very complete.

"When you buy a golf course, it is not to have and to hold forever," Sherman said. "The only way to realize a profit is to sell it. How to get it to the point where it is the most salable is the thing. You should be operating on an eight or 10 year plan." He also said there is more bad management than good management on golf courses; with good, proven management an owner can get money from a bank.

Cecil McKay, Jr. of McKay Realty Co., Lansing, Mich., backed up what Sherman said. "Many owners are financially handicapped from the start," he said. "They are usually underfinanced or have wasted what they did have. They can't afford to buy needed fertilizer or sharpen mowers. Too many are undercapitalized and are at the mercy of bankers." He also said 90 percent of daily-fee courses lose money on their food operations. "The golf and food aspects are two different operations, and this has to be remembered," he said.

Geoffrey Cornish, president of the American Society of Golf Course Architects, brought up an

interesting point when he said flood plain land might be good for daily-fee golf courses. "It is something to think about because of the tax breaks available on purchasing and using the land," he said. "You are really out-of-play three days a year, but you do have to have good drainage."

He also said sand is very important to a golf course for a number of reasons. First, it is associated with golf and people remember a course by its sand traps. He also said that for a new course trying to increase play, sand is important because it catches people's attention when they drive by.

He said the daily-fee course can be the missing link to get more people interested in golf. He said what is needed are more courses with no holes over 90 yards to get the beginner who does not want to be embarrassed, and more night play on these courses. He said he knows of a few courses of this nature that gross up to \$150,000 a year. Another interesting fact Cornish related was that the average current cost for a regulation golf hole on good land is \$25,000.

Foundation consultant Jerry Claussen presented the case for short courses. He said executive-length courses and par-threes are a



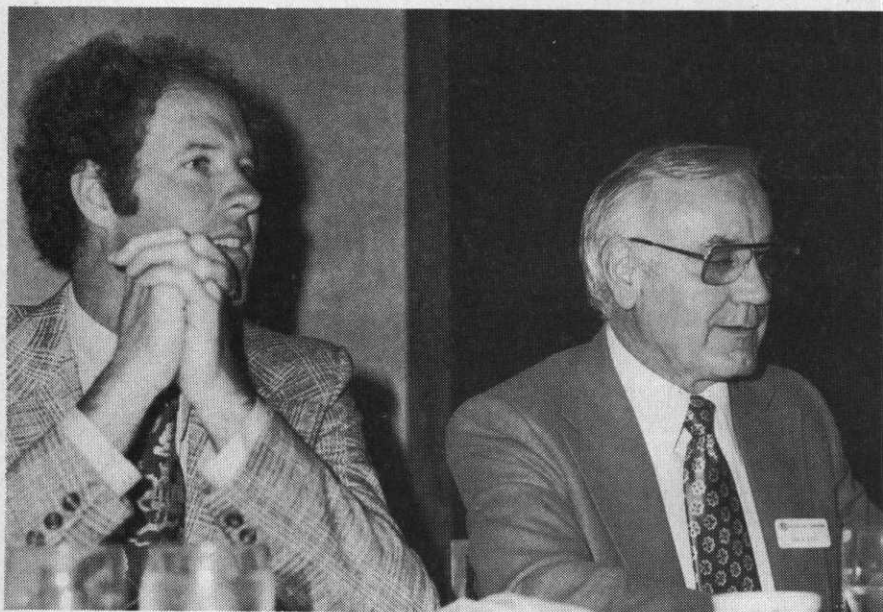
Carol Johnson and Jerry Claussen of the National Golf Foundation staff showed workshop participants a number of teaching techniques for the beginning golfer.

trend to get more courses in the city where land is not so available. Executives are popular with golfers and also can save money for the owner.

For example, a regulation course might take 150 acres at \$1,000 an acre to purchase. With \$600,000 construction fees and equipment plus \$150,000 for the land, that comes to a \$750,000 investment. An executive course might cost 25 percent less for equipment, 40 percent less for construction — an investment of only \$520,000 plus the profit from developing or selling the 75 acres not needed for the short course. He said operation fees are just about as high, but more players moving faster keeps the cash flow up, and maintenance is easier and about 20 percent cheaper.

Lee Record of the United States Golf Association Green Section asked the attendants if they had the necessary background to be giving orders to their personnel on turfgrass management. Record explained some rudimentary turfgrass principles and warned against common mistakes many course operators make, such as trying to push the season too long and injuring greens, aeration schedules, and the importance of good greens to get people to come back and play.

Cleveland-based insurance consultant John Gleason of Country Club Insurance Service said the most important thing is for a course to have blanket liability insurance. He mentioned many situations that



Pro golfer Tom Weiskopf, left, and National Golf Foundation executive director Don Rossi at the workshop banquet. Weiskopf was the main speaker and told the audience that he learned the game on daily-fee courses.

could occur, and the only way to cover these is with a blanket plan. He also said owners should look into paying the cheapest premiums — either based on acreage or a per-pound figure.

Sherman again spoke and suggested the possibilities of leasing property to operators that have a good management background. He said the typical leasing properties might be the sub-division golf course, because many development companies might want the course to attract homeowners, but really don't want to bother with operating a course. He said marginal private clubs with economic problems might also be a possibility, especially if they are looking for ways to increase play. He stressed that municipal operations are the best opportunity at present. Costs at these courses used to be minimal, but with civil service and union demands have become much more costly to run. "More and more many operations will become available," Sherman said.

One of the more interesting sessions was provided by Peter Peca, of Golf America, Inc., and Richard Reichel, an Ohio attorney. They prepared a presentation on campaign strategies for tax relief. The two were involved in a voter campaign to get a tax break for recreation land, including golf courses. In the Ohio November election, one of the issues was to lower tax evaluation of recreation land from the level of surrounding land. Peca said the bill was turned down because legislators and voters thought it was a "country club" bill, and would be a cut in taxes that would have to be made up by somebody else.

Reichel, a former state congressman, said 15 states have constitutional prohibitions from granting tax relief to any type of land, including recreational land. "This means the land has to be taxed at its highest and best use," he said. In Ohio, two years ago the agricultural community was successful in getting a tax relief bill passed, and Reichel stressed that once a precedent has been set, it becomes easier to pass a tax relief bill.

One of the big issues at the conference workshop was the complaint from private daily-fee operators that they have to pay tax-



Peter Peca, of Golf America, Inc., and former Ohio congressman Richard Reichel told of their unsuccessful attempt to get tax relief for recreational land and golf courses in the November election.

es to support municipal courses that in turn take business away from them. Reichel said this is not absolutely true anymore. He said court decisions in the last 10 years have made some exceptions and more are continually being made.

Reichel suggested a number of ways a municipal course could lose its tax exemption: (1) if it rents its facilities to outside organizations; (2) if they make a profit; (3) if it is not entirely open to the public at all



Geoffrey Cornish, president of the American Society of Golf Course Architects, told the workshop the average golf hole cost on good land is currently \$25,000.

times; (4) if the course is leased out to a private operator working for a percentage of the profits.

Foundation instruction consultant Carol Johnson told the audience that daily-fee courses can really give golfers a place to "belong," and this feeling will in turn provide a financial return to the operator. "You have an opportunity to influence 40 percent of beginning golfers," she said, "and you have to teach the people, it is so very important." She said it is mostly basics that have to be taught at a daily-fee course, nothing too detailed.

The panel on short courses included three owners: Art Young, of Holiday Lakes in Stewart, Fla.; George Brown of Willoughby Golf Center, outside of Cleveland; and Eric Amt, of Old Orchard in Elkhart, Ind. Young said older persons and women are a tremendous, loyal market for par three and executive courses, and he said he made \$50,000 before-tax profit his first year at a short course. Brown agreed saying that 65 percent of his golfers were women, many in leagues during the week, meaning he has no trouble keeping his course busy during the week. Amt said the women take care of the leagues at his course themselves, freeing him for other work, and that he has had great success with a program for juniors. □