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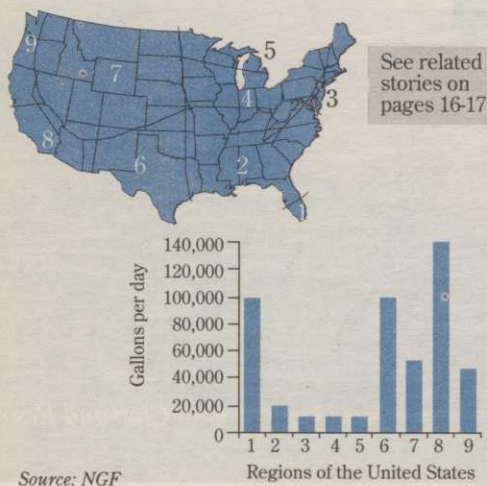
INSIDE

16 COMPUTERS the future of irrigation

21 IRAQI neighbors non-plussed by crisis

23 COURSE cover sales increase

Golf course water use in U.S.



News

- FF-II problems worse than thought 3
- Pebble Beach sale complete 3
- Coeur d'Alene island green in place 4
- Yeutter to talk to agronomists 5
- Golf, government forces gather 6
- Regional reports from superintendents 15

Departments

Comment

- Florida could lead to something big 8

Letters

- Notes of appreciations 9

Super Focus

- Kocher on maintaining the 'revered' #2 10

New Courses

- Crumpin-Fox Rulewich's personal favorite 11

Government Update

- Sherman Hollow project shot down 12

Association News

- New association targets public courses 13-14

Business News

- Barenburg Holding buys into Normarc 24

On the Move

- Buckner makes management changes 25

New Products

- New irrigation equipment hits market 27

On the Green

- Stoffel mixes art and greenskeeping 30

War stories

Reaction to Gulf mixed...

BY MARK LESLIE

As the Persian Gulf crisis turned 1 month old, investors, builders and architects in the U.S. golf industry reacted with varying degrees of caution and optimism.

The length of the crisis is crucial to deciding its impact, everyone agrees.

Michael Hurdzan, an architect based in Columbus, Ohio, predicted an "incredible impact" from the crisis and harkened back to the Arab oil embargo of 1974 when the golf construction "virtually dried up."

"I think this situation is so unsettling that developers in the U.S. who have

not already committed (to a project) are going to wait and see. I think that some of those who are committed and who are on the fine edge are going to say, 'Hey, I'm going to cut my losses and stop right now.'"

Perry Dye, president of Dye Designs in Denver, Colo., and of the Golf Course Builders of America, said: "We're in the recreational, extra-dollar industry. We're the first to go and the last to come back. But until it happens we won't feel it."

Dye said developers whose projects have been in the permitting process

Continued on page 20

... as Supers, others fear domino effect

BY MARK LESLIE

The domino effect of an oil shortage would be felt in construction and a range of operations on a golf course, superintendents and others agree, but how much is up for debate.

"I'm dead budget-wise," lamented Dan Jones, superintendent at Banyan Golf Club in West Palm Beach, Fla.

He said his first delivery of oil after Iraq invaded Kuwait cost 16 cents a

Continued on page 19



Crumpin-Fox Club in Bernardston Mass., is "my personal favorite," says Roger Rulewich of Robert Trent Jones Inc. This view shows the 14th hole from the tee. Crumpin-Fox is being touted by

some as a candidate for best public course of the year. For information on this and other courses around the United States, see page 11. Photo courtesy of Crumpin-Fox

Club directors face tests

BY PETER BLAIS

The biggest threat facing the private club industry is that its members are perceived as elitists, according to a National Club Association lawyer.

The typical private club member appreciates traditions, is trying to conserve something of worth, likes to relax and enjoys some financial success, said Thomas Ondeck at the recent NCA Annual Club Director Conference in Pinehurst, N.C.

But private club opponents often view that same person as "reactionary, Republican, elitist and rich," said Ondeck, who has represented the club industry in more than 20 lawsuits, including three selective admissions cases before the U.S. Supreme

Court.

Because of this inaccurate perception, private clubs are sometimes portrayed as bastions of racial and sexual discrimination, said Ondeck. That has led to local and national legislation — like Congressman Charles Rangel's proposed national tax code amendment denying tax-exempt status, deductibility of dues and charitable contributions — that threaten the private club industry, he added.

Legislative volleys and media assaults have mounted over the past 25 years, coming to a head this summer at Shoal Creek in Birmingham, Ala., said Ondeck.

Things looked pretty good for private clubs in 1964 when Congress exempted

Continued on page 9

Fla. summit will draw all parties

BY PETER BLAIS

Item: A Florida water district considers instituting a \$1 per 1,000-gallon surcharge on golf courses for water pumped out of courses' own wells. The move could add \$10 to the average round and \$800 to the typical private club membership fee.

Item: The governor and cabinet shoot down a golf course development on an environmentally sensitive stretch of Panhandle shoreline, even

Continued on page 22

Gulf crisis

Continued from page 1

"are not going to quit because of current affairs ... They've been involved for a year, maybe two, and they're just not going to quit on Aug. 1. It might stop a few guys from starting on Aug. 1 and we won't be affected by those for a year from now..."

"Do I feel any difference? No, because you can't stop a golf course halfway through construction — unless you're a savings and loan."

Dye said developers are "some of the biggest risk-takers in the industry today. They're fearless-type people. It's the lenders who usually draw back."

Ed Seay, executive vice president of Palmer Course Design in Ponte Vedra Beach, Fla., said: "We have over 60 clients representing



'This is so unsettling that uncommitted developers will wait and see.'

- Michael Hurdzan

80 projects and I have no indication it's (Middle East turmoil) affecting anything... Perhaps we'll feel an effect from the aftershock."

Thomas Clark of Kensington, Md., vice president of the American Association of Golf Course Architects, said it is too early to say what effect the crisis will have on the industry, but added, "I got three calls today from people who want to build courses."

Nevertheless, uncertainty reigns in many quarters, and architect John LaFoy of Taylors, S.C., said the American public's perception of the situation is all-important.

"Perception is the big problem," not the oil itself, nor finances, LaFoy said. "Perception that there will be ill effects on the economy will be the only reason development would stop."

Willard Byrd, an architect in Atlanta, Ga., who specializes in planning golf course communities, said: "Oil prices are going to have some effect if it's prolonged... If the stock market continues to go down, it will affect the availability of money, particularly with the private investor."

"It may have some effect like it did last time (the 1974 oil embargo), and people just not



'It is too early to say what effect the crisis will have on the industry.'

- Tom Clark

doing (a project) because of the uncertainty of it. Construction dried up more from the standpoint of the clientele not going to the project."

Byrd said the length of the Persian Gulf confrontation will determine its impact.

Like Dye, he said: "We can't tell much about it yet because what we've had under contract is still progressing."

But he did say one lender backed off a project after verbally committing to funding funding it.

"What bothers me is that and the stock market going down, and these fellows being able to get private lending. You can lose a lot of money right quick on paper," Byrd said.

Hurdzan said a critical factor is that "so many of these golf course projects are housing-driven."

Explaining that developers usually borrow money at the prime interest rate plus 2 percent, Hurdzan said: "When the prime rate hits 11, the yellow light goes on. When it hits 13, the red light goes on... When money costs 15 percent, everybody just about dead stops in their tracks. So, if we can keep the interest rates down, things will probably continue to move through."

"But... people are nervous. We have the S&L problem. We've got the possibility that if we do go to war, what's going to happen to the overall oil supplies. And people are going to get very conservative."

"We are seeing that in developers who are clients. The personal interest has slowed down in guys who were eager six to nine months ago."

Hurdzan said: "The developers who are affected the most are, in order, the housing people, particularly if they are trying to sell a second home, the condominium developers... Then it's the resort builders who are trying to build a 200- or 400-room hotel..."

"The governmental ones are going to stay right through to the bitter end. We were building courses in The Depression in the '30s. The government feels part of its function is to provide recreation for the people, and the worse the economy gets, the more they feel they have to get people the place to recreate. The government will continue to build."

LaFoy and Byrd agreed about which developers would be affected the most.

LaFoy said that in his region at least, many developers are now building medium-priced golf courses and communities because there is a glut of houses \$200,000 and up.

"Developers are pretty imaginative. When one market starts drying up they look for other markets, and I think they're hitting the nail on the head with medium-priced houses," he said. "A lot are going toward semi-private or daily-fee courses with \$110,000 to \$150,000 homes."

LaFoy said the exclusive and lower-end clubs won't be hurt as much as the ones in between.

He explained: "People with a lot of money never quit spending. New-money people stop spending on luxury items. That applies also to golf courses."

Byrd agreed: "The high-end market is the last to be affected. The middle market is hurt the most — people in the \$150,000 to \$350,000 second-home market. Above that, we haven't seen the effect too much."

Byrd added that if the Persian Gulf confrontation is short-term "I don't think it will hurt us, but if it is long-term I think it will have a big impact on the industry."

"We'd have to devote our attention in another direction."

Continued on page 21

Watertronics Pumping Systems; Meeting Your Irrigation Management Needs

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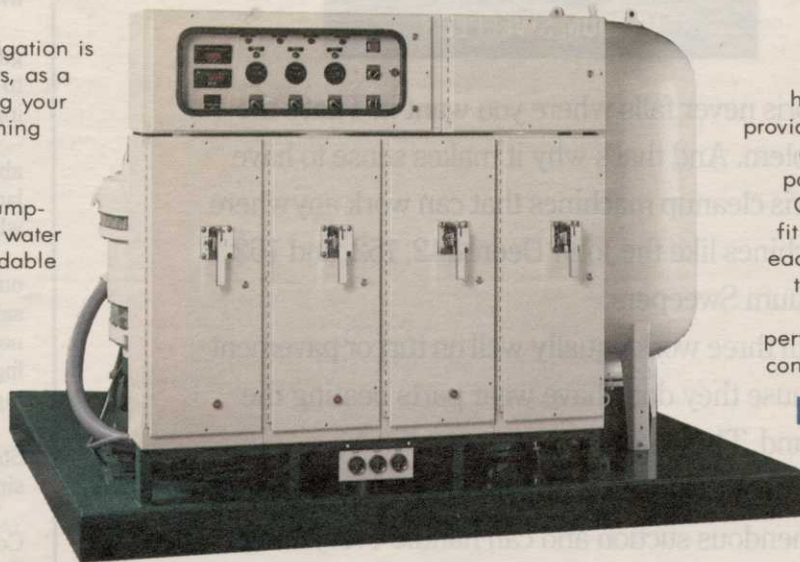
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Iraqi neighbors, Asians non-plussed

BY MARK LESLIE

The possibility of a war brewing in the neighborhood is not stopping golf course developers in Eastern Europe and Southeast Asia, according to Americans involved in projects overseas.

Consultant Jim McLoughlin and architect J. Michael Poellot, both fresh from long trips to the region, agree developers are not disturbed by the Persian Gulf crisis.

"We've got two clients in western Turkey on the Mediterranean coast, 300 to 400 miles from the Iraqi border, and they are proceeding," said McLoughlin, president of The McLoughlin Group in Pleasantville, N.Y. "I have 11 projects in Thailand and they're going hell bent for election."

McLoughlin said the Turkish believe the Gulf confrontation is "a political situation, and the only thing that will hurt the projects there is if a policy has to be cleared through government, whose agenda is crowded. So politics would slow it down, not directly but indirectly because of the Gulf crisis. Economics is not a problem. Safety is not a problem."

"And Turkey is as close as you can get (to

Iraq)."

"In that region of the world, they've had political unrest for centuries," McLoughlin said. "This is probably the 833rd time they've had a threat of war."

He added that two projects he is consulting on in Yugoslavia have come to a stop — but because of internal, not external politics.

Meanwhile, in Southeast Asia, extreme wealth of developers means money in hand, which means keeping projects alive.

"In all those highly active golf environments in Asia — Japan, Taiwan, Thailand and Korea — the economy won't have an impact on golf for about a year because all the projects are with money in hand....," McLoughlin said. "Golf is popular. There are ways to cut through the government redtape to get approvals. So the impact of the Persian Gulf on the economy won't affect them for about a year."

He said: "In Thailand the wealthy are very, very wealthy. They're dealing with money in hand, not like the United States, where you have to go out and raise it."

McLoughlin said Thailand and Taiwan get most of their oil from Iraq. Thailand's economy is growing about 14 percent a year. Working

closely with government officials, McLoughlin said half think the economy is "so strong the Gulf crisis will not make a difference. The other half feel it will slow the economy about one-half."

"They feel that if this happened two years later there would be no impact whatsoever."

Japan, on the other hand, is "very vulnerable" because it gets most of its oil from Iraq," McLoughlin said. "We have two clients (one for 36 holes) in Japan. But again, in Japan they have their money before they start a project."

"They buy land and decide to build a course. They announce it and get a fully subscribed membership before they break ground. The investor and developer both have money in hand."

"They pay \$300,000 to \$500,000 for membership."

Poellot agreed: "The average golf course developer (in Japan) is not fazed at all" by the Gulf crisis.

"We're dealing with a segment of society that has been without war ... and has only known very good times the last 50 years, and I don't think the gravity of the situation has

filtered down to them," he said.

"I've never seen a stronger market for golf in Asia in the 20 years I've done business there. I was in Indonesia, Thailand, Hong Kong, Japan, China."

"In some areas it's waning. In others it's just on the horizon."

Poellot pointed to Indonesia and Thailand as hottest markets.

To emphasize Japan's feeling of euphoria, he said that although the country is 100 percent dependent on foreign oil, 70 percent of which comes from the Middle East: "Several weeks after Iraq invaded Kuwait there was no change in gas prices in Japan, whereas in the U.S. it was already up 15 percent and it was up as high as 30 percent in many countries in Europe."

A sort of "naive confidence" pervades in Japan, he said.

Indonesia is not economically affected because it has its own oil supplies.

And although Thailand is largely dependent on the Middle East for oil, "they are not too concerned right now," Poellot said. "It is a thorn in their side but they don't seem to be trembling about it."

Supers

Continued from page 19

effect is going to kill golf courses — especially the marginal ones. They are going to get the crunch," he said. "We're probably four or five months away from seeing the worst of it, as it goes through the manufacturing lines."

Florida golf courses are being hit doubly bad, since the state has added a surcharge for electricity.

"Florida Power and Light just got approval on it. That's the domino theory. First it's the fuel oil; then it's the electricity; then in another couple of months I'll start getting hit on the fertilizers and chemicals," Jones said.

"Our whole economy is built around oil so much that it's scary. My electric is one of my biggest items now. And it's nothing like out in Arizona where they have to pump their water twice. They \$400,000 to \$500,000 a year for electricity. We pay about \$30,000 a year."

The effects in Arizona, if any, will be in the future, according to superintendent Michael Kline at Desert Highlands Country Club in Scottsdale, Ariz.

"Our gas prices are fluctuating from month to month regardless of what's going on. We've had 30-cent-per-gallon jumps within a two-month span, and then it goes back down, then jumps back up. Yes, it's gone up but nothing out of the norm," Kline said.

He said electricity increases also have not been approved.

Impact on construction

Golf course architects Thomas Clark of Kensington, Md., and Willard Byrd of Atlanta, Ga., said builders will feel the effects in the cost of irrigation pipe.

"Some products based on petroleum will skyrocket," Clark said.

Foreseeing a price increase for pipe, Byrd bought some in advance, reasoning that "irrigation pipe is one of the first things to go up in our industry."

Bill Rogers, vice president of Oasis Irrigation Systems, Inc. in Nashville, Tenn., said irrigation pipe prices increased in early September by 12 percent, and components like controllers, heads

and valves rose five percent.

Rogers estimated that would translate to \$10,000 more for the pipe in building an 18-hole course, plus more for the components. A course requiring 800 heads, at \$200 apiece, would see

an \$8,000 increase just for heads, most of which are PVC.

"If (President) Bush keeps us in a stalemate for a year, I wouldn't be surprised to see another 30-percent increase for pipe," he said.

Reserves few in industry

The call to arms is affecting many companies nationwide that employ military Reservists. But the golf course industry is apparently nearly immune.

Dr. Michael Hurdzan, an architect whose firm is headquartered in Columbus, Ohio, apparently stands alone.

The reason is simple: Summer, the traditional training time for Reservists, is the busiest time of the year for superintendents, builders and architects.

John LaFoy, an architect in Georgia, retired last year after 20 years in the Marine Corps Reserves.

A lieutenant colonel in the U.S. Army Reserves, Hurdzan is a Green Beret and psychological operations officer who trains in-

fantry.

"In my particular case, my unit has a plus 60 call-up, or we expect to go 60 days after declaration of hostilities, or well into the war," Hurdzan said. "Then, once alerted, my unit has an additional 30 days to deploy to Fort Benning, Ga., where we will train newly recruited soldiers."

"So I have at least two months to arrange who will be doing what, plan details and let people know."

"There is a great safety factor in my current war-time job," he said. "In my old unit on the Special Forces I would have had units near Iraq from the beginning... Now, it is highly unlikely I'll get called up unless we have a full-scale and protracted war."

"People can't spend as much in dues so they ask you to cut back on maintenance. Now is not a good year to ask for money for a capital project."

Flisek said he is more concerned with "the overall big picture. When the economy slows down we tend to get hit more."

"We are a playground for the rich. When they're not making as much money we get the after-effects."

Gulf crisis

Continued from page 20

Existing courses

Ken Flisek, superintendent at The Woodlands, a golf course community in Falmouth, Maine, said of the conflict's impact on his course: "The only thing that's affecting us is our members who used to have a lot of money to spend on leisure activities. They now have less. The direct cost of the fuel increase isn't hurting us as bad as the general economy."

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