

GOLF COURSE NEWS

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INSIDE

GCSAA Preview

Early-bird show coverage includes: Tournament preview and board candidate profiles 21-25

Reel News: Real Technology

This month: A GCN special report on advances in reel mowers and reel grinders 26-27



LIKE FATHER...
Bruce Williams (left), superintendent at Bob O'Link in Chicago, will assume the GCSAA presidency next month, following in the footsteps of father Robert Williams (right), who led the association in the late 1950s. For the story on this dynamic, dedicated father-son duo, see page 15.

COURSE MAINTENANCE

USGA takes a leap into cyberspace 15
Fringe insurance invaluable following storms 17
A little wax can save you time & money 19

COURSE DEVELOPMENT

Rulewich leaves Jones, founds The Golf Group 6
Cornish honored as '96 Rossi recipient 29
Q&A with the quotable Bob Cupp 29

COURSE MANAGEMENT

Apples to apples: Comparing course spending 3
IGM poised to execute expansion plans 33
Legal Corner: Golf attracts development? 33

SUPPLIER BUSINESS

Ransomes busy on the marketing front 39
Vigoro teams with powerful player 39
What's new in the marketplace? 42

Course a day? That's chicken feed

Last year's new openings total 400-plus; 500 in '96?

By HAL PHILLIPS

More than 400 golf courses opened for play across the United States in 1995, a one-year record that will likely stand for a mere 12 months. The National Golf Foundation (NGF) projects between 400 and 500 new facilities will come on line during 1996, as more than 700 courses are under construction and financing options abound.

"The majority of openings are occurring in the heartland," said Rick Norton, the NGF's vice president of operations. "This region benefits from the highest participation rates in the country, and it has relatively inexpensive land. That's what I like to call a golf-sustaining culture."

Continued on page 46

New openings	9-hole	18-hole	Total
Daily-Fee	86	99	185
Municipal	12	22	34
Private	6	19	25
Totals	104	140	244
Expansions			
Daily-Fee	84	8	92
Municipal	18	1	19
Private	24	4	28
Total	126	13	139
Grand total	230	153	383*

* Source: National Golf Foundation (through Oct. 5, 1995)

Myrtle Beach to hit century mark amid oversupply fears

By PETER BLAIS

MYRTLE BEACH, S.C. — One would think the opening of the 100th course here sometime this year would be cause for celebration. But for some, it's a matter of concern.

Even with a healthy surge of golfers visiting Myrtle Beach, the eight additional courses scheduled to come on line this spring could mean fewer rounds per course and smaller profits, according to figures provided by the Myrtle Beach Tourism Coalition, a local group comprising tourism industry representatives.

According to the Coalition's 1994 figures, golfers played 3.8 million rounds here, an average of 44,186 rounds per course. If 1996 projec-

Continued on page 35



ARBOR CARE

Tree maintenance is best accomplished in late winter/early spring, so now is the time to start planning your pruning strategy. For the first in a two-part series on tree care, see page 15.

PGA aims for new management standard at Reserve

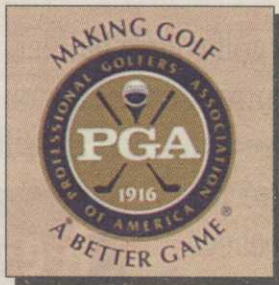
By MARK LESLIE

PORT ST. LUCIE, Fla. — "Automatic adrenaline." That's how the head golf professional describes the PGA of America's new home golf course.

"It's a showplace," Bill Cioffoletti said of PGA Golf

Club at The Reserve which opened here Jan. 1. "Our mission is to meet and exceed the expectations of every golfer who comes through here."

To achieve that mission, Cioffoletti and boss Marty Kavanaugh, two acclaimed PGA golf professionals, brought together a core group of pros from a cross-section of the best merchandising facilities. They drafted a training program... sat down with course architect Tom Fazio and clubhouse architect Viorel Florea... worked with Club Car to design a state-of-the-art golf car storage



structure and with superintendent Rick Wise and Toro to build a user- and environment-friendly maintenance facility. And, voila! When the world welcomed in the Year 1996, it also welcomed what the PGA hopes will soon be a model for the country.

Continued on page 36

GCSAA BYLAWS

Membership vote takes center stage

By PETER BLAIS

ORLANDO — Two proposed bylaw changes — one requiring head superintendents to belong to both their national and state associations, and a second setting assistant superintendent dues at half the fee charged head superintendents — will be on the ballot at February's Golf Course Superintendents Association of America (GCSAA) annual meeting here.

The first change would require all head superintendents joining a state or regional chapter after July 1, 1997, to also join the national association. Assistants, associates, affiliates and other members would be exempted from the dual-membership requirement. Head superintendents joining a local chapter before July 1, 1997, are grandfathered and would not be required to hold dual memberships in the local and national associations.

The dual-membership recommendation emerged from September's chapter

Continued on page 23

Davis Love III's first design effort, Ocean Creek at Fripp Island (S.C.), is part of last year's record new-course crop. Story page 5.



Warren Grant photo

Myrtle Beach

Continued from page 1

tions for a 17-percent increase hold true, rounds per course would jump to 50,574. But new courses about to come on line could dilute that down to 44,000 rounds per facility. More courses but fewer rounds per course, that's not a good situation, according to industry representatives.

"Myrtle Beach courses are averaging 44,000 rounds, and they need that to survive," said Charles Staples, chairman of KSL/Fairways, a management company that has been looking to buy a Myrtle Beach property for several years. "But if that's the average, that means some courses are doing over 50,000 rounds while others are under 40,000. Somebody isn't getting their fair share and those courses are hurting."

Competition for golfers has already led some courses to aggressively discount their fees. To save a few dollars, many visitors have begun ignoring the traditional play-and-stay packages in favor of simply making hotel reservations and trying to book their own tee times.

"Myrtle Beach is experiencing an alarming decline in green fees. This problem is commensurate with increased market competition," states the Tourism Coalition report.

Unless the number of golfers continues its healthy increase, adding the new facilities scheduled to open this spring to the current 92-course Myrtle Beach golf supply will do nothing to diminish market competition. More courses without a proportionate increase in demand means green fees will continue to fall, according to Donald Wizeman, president of International Resort & Golf Resources, which generated the report for the tourist business group.

The report claims Myrtle Beach is, in effect, competing with itself through heavy off-season discounting that ultimately impacts in-season rates; having hoteliers play golf courses against one another, thus driving rates down; and creating an inferior image for Myrtle Beach by promoting it as a place to play "cheap" golf. Among other threats are the possibilities that shrinking profit margins could affect golf course maintenance and thus course quality; cooperative efforts have diminished rapidly in the past three to four years; courses are too dependent on hoteliers for generating golfers and rounds; and discontent with Golf Holiday, which resulted in an unsuccessful effort by a group of premier courses to form their own marketing group.

"Myrtle Beach has always had the image of a blue-collar golf destination because it advertised price over quality," said Larry Young, owner of six upscale

courses, including the Heathland, Moorland and Parkland courses at The Legends. "Golf Holiday realize now that we [course owners] are a diverse group with many interests. Any upscale advertising is done on an individual basis."

Wizeman said such unsettling economic news has been reflected in the recent prices golf course sellers have received for their properties. A Japanese investment group recently purchased 27-hole Buck Creek Plantation for \$9 million. "That [\$9 million] is what you would have paid for just 18 holes not so long ago," Wizeman

said. "It was the first acquisition in quite awhile, which shows the softness of the market."

But all is not doom and gloom along the Grand Strand. Myrtle Beach tourism continues to generate \$5 billion in revenue annually, with golf making up \$677 million of that, according to Tourism Coalition figures. Myrtle Beach tourism is growing at twice the national average and South Carolina ranks first in the United States in golf vacation travel (followed in order by Florida, Arizona and California).

Myrtle Beach long had the advantage of having 60 percent of its

visitors live within a day's drive. But local industry realizes it needs to pull golfers from farther away and make it easier for them to get there.

Last February's addition of Myrtle Beach Jet Express, serving Newark, New York City (JFK Airport), Philadelphia, Chicago, Cleveland and Detroit, has increased the number of visitors, 14,984 more in October alone. Coupled with U.S. Air's new service from New York's LaGuardia Airport and Atlanta and Air South's service from Atlanta, these seven cities are the main source of fly-in vacationers.

"The air service has been very

successful," said course developer Gary Schaal, who opened Wicked Stick in Myrtle Beach Oct. 1. "It takes longer to get your bags out of the airport now, but that's okay. It means more golfers."

Also in its favor, Myrtle Beach has an established product; more golf than anyplace else; a varied recreational menu that includes the beach, conference facilities, entertainment and shopping; the PGA/Energizer Battery Senior Tour Championship to stimulate market awareness; and a Golf Holiday membership that recently had the foresight to raise its dues 50 percent to increase its advertising budget.

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New openings	9-hole	18-hole	Total
Daily-Fee	78	254	332
Municipal	13	51	64
Private	10	50	60
Totals	101	355	456
Expansions			
Daily-Fee	182	36	218
Municipal	21	4	25
Private	32	11	43
Total	235	51	286
Grand total	336	406	742

to lead the way... We expect 400 to 500 courses to open this year, and they will follow a similar geographic pattern."

Course openings have now increased every year this decade, with another record number projected for 1996. There are currently 748 courses under construction (see chart at left) and another 500 in the planning stages.

While development growth signals a strong industry — not to mention more job opportunities for superintendents, architects and managers — it also signals increased competition for existing courses.

"All this development pushes

up the requisite level expertise it takes to run a golf course," said Michael Hughes, executive director of the National Golf Course Owners Association. "I think the individual owner who is not a good operator is already being squeezed. There will be definite winners and losers."

Hughes noted the large number of course expansions (139 out of 383 facilities) bodes well for the industry, as experienced operators have deemed it fruitful to add on. Of course, that leaves 244 new facilities, whose operators are as yet unproven.

"Are they good operators with experience, or are they people who are enamored of golf and living a dream?" Hughes queried. "We'll find out soon enough. The weaker members of the market will turn over and good, experienced managers will come in. This will definitely help the management companies."

Indeed, management firms have enjoyed heady times during the '90s, snapping up older courses that couldn't compete with new ones, and gobbling up newer facilities that couldn't meet their debt services. Look for more to fatten the portfolios of eager management firms.

Experienced or not, the prospective course owner is making a compelling case to financiers.

"When I see a *pro forma* on a deal, I'm seeing better margins projected on these projects — and that draws out the money," said Don Rhodes of Atlanta-based NationsCredit, formerly Greyrock Financial. "Three or four years ago, it was hard to make that believable. But you can't just talk about rounds anymore. You have to talk about green fees and construction costs. And the margins I see on these projects are far more inviting."

[Warned Norton: "I hope those are realistic *pro formas*, not pie-in-the-sky *pro formas*."]

If there is another worry among industry observers, it is a recent NGF survey showing that golf participation levels outside the Midwest are not growing to meet the burgeoning supply of courses.

"It's weird, because everywhere I go people tell me their courses are full," said Rhodes. "It's hard to believe that rounds are flat. But if these new courses keep opening and what the NGF says is true, more and more course projects will have trouble achieving their numbers and that will chill the flow of capital into the industry."

While Norton has unwavering faith in the NGF study ("The findings on participation absolutely cannot be questioned. It's the largest survey of any of the sports organizations: 30,000 households."), he doesn't feel 400 course openings in 1995, and 400-500 more this year, mean supply has outpaced demand.

"Remember to keep it in context," he said. "We're talking 300 to 350 18-hole equivalents in 1995, which is about 2 percent of supply. Those aren't gangbuster figures; not that dramatic when you view it in context of overall supply. The U.S. is a big, big country."

"Besides, the Midwest is leading the way. And that's where the players are."

400 courses in '95

Continued from page 1

Indeed, of the six most development-intensive states, five can be found in the Midwest: Michigan (22 openings), Ohio (18), Minnesota (17), Illinois (16), and Wisconsin (15). The second tier includes Sun Belt states like California, Florida and Georgia, where resort and residential scenarios drove the market.

Public-access golf facilities — daily-fee, municipal and resort — confirmed their dominance of the golf course market last year. Of the 383 courses that opened for play between Jan. 1 and Oct.

5, all but 53 were public-access. Nearly 70 percent of the country's 15,000-plus courses are now daily-fee, municipal or resort, as the number of private courses continues to decline — by 9 percent since 1990.

Continued public-access development in the Midwest bodes particularly well for an industry looking to diversify geographically and economically.

"The heartland states have been able to provide a range of facilities, not just the high-end variety," Norton explained. "I think that's some of the reason why it has led the way over the past few years and will continue

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