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INSIDE

Habitat & Humanity

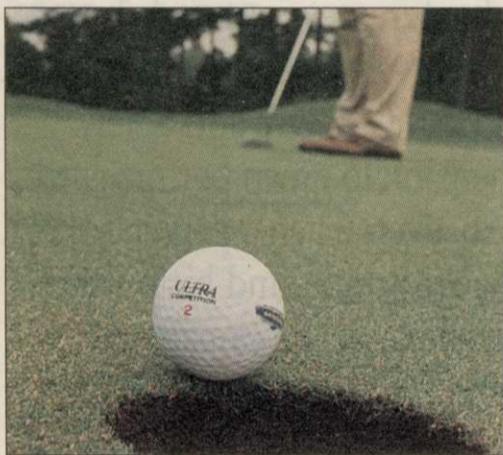
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Winter hangover lingers in Midwest

Crown damage, desiccation rampant

By MARK LESLIE

Superintendents from Minnesota and Michigan to Iowa and Illinois were up against the wall this spring, their courses belted with desiccation, crown damage and direct low-temperature kill that set season openings back weeks.

"Instead of having March, April, May, we're having March, March, March," said Bruce Williams of Bob O'Link Golf Club in Highland Park, Ill., president of the Golf Course Superintendents Association of America (GCSAA). "Harsh winter kill seems endemic from Colorado through Kansas, Iowa and areas like that."

"When we first started

greening up in late April — which is very late for us — all the high spots came out green and all the low spots were dead stone-cold dormant," said Dick Stuntz of Alvarado Country Club in Lawrence, Kan., attributing damage to a snow-melt that froze again. "Guys with ryegrass fairways lost it. For those of us with zoysiagrass, the loss isn't large but it will be a terribly slow recovery."

While Jerry Faubel of Saginaw (Mich.) Country Club was "very fortunate and escaped damage" because he added drainage in key areas last year, the former GCSAA president said: "Courses throughout

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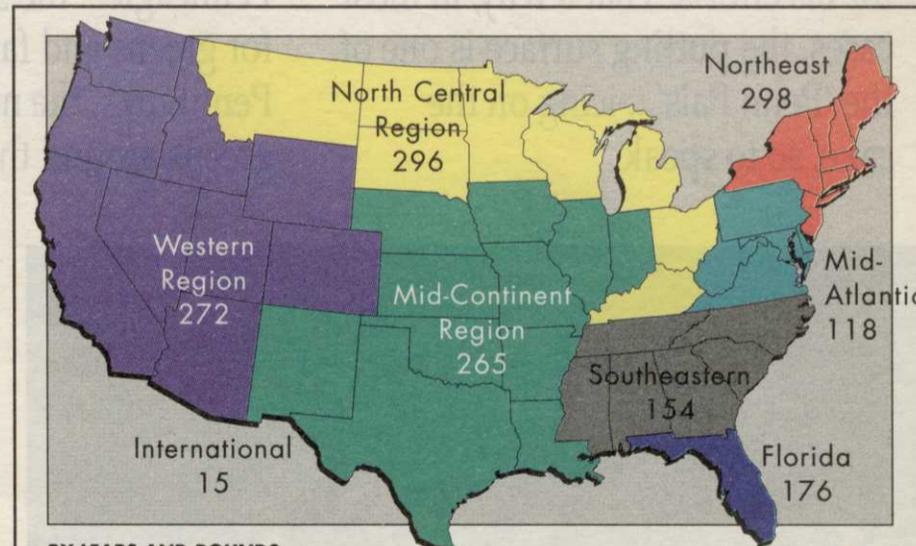
Jacksonville restoration still in limbo

By HAL PHILLIPS

JACKSONVILLE, Fla. — An extremely complicated turf war has developed here concerning property that used to be a golf course, and may be again. Officials at the Florida Communities Trust (FCT) in Tallahassee will decide this month whether the city of Jacksonville will retain funds to restore a golf course on a controversial urban parcel known as Blue Cypress.

Once a privately owned golf facility called University Golf & Country Club, the Blue Cypress land was

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BY LEAPS AND BOUNDS

Just five years old, the Audubon Cooperative Sanctuary System, as administered by the New York State Audubon Society, has experienced astounding growth. For an update on one of golf's most striking environmental success stories, see page 15.

Palmer Mgmt. has grand expansion plans

By PETER BLAIS

ORLANDO, Fla. — Arnold Palmer Golf Management, operator of 17 courses nationwide, plans to eventually bring as many as 500 courses under its management wing through a variety of mergers, acquisitions, and other arrangements, according to company President Peter Nanula.

Palmer Golf recently launched its campaign by reaching an agreement with Pennsylvania-based Toll Brothers Inc., a leading developer of luxury homes, to operate courses at Toll Brothers' developments and jointly acquire troubled resi-

dential golf communities nationwide.

Palmer-managed Bay Hill here also hosted a summit meeting in March when the heads of 15 management companies with portfolios ranging from five to 30 golf facilities discussed the topic of consolidation within the management industry. The recent acquisition of 43-course Golf Enterprises Inc. by National Golf Properties, the real estate investment trust established by the founders of giant American Golf Corp., was also a major topic.

Nanula told the Orange County Busi-

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Survey: Benefits on the rise

By TERRY BUCHEN

Since this decade began, I have been taking a random survey of superintendents regarding the fringe benefits they receive. I have some interesting results to report.

The first question I usually ask is whether they benefit, in both wages and fringe benefits, as a result of their most recent job change. The answer is an overwhelming "yes". Most supers believe they are underpaid and the only way to improve themselves professionally is to make a job change for more money and benefits.

Everyone willing to share the "before/after" comparison of their most old/new jobs enhanced their total package significantly. The average tenure of a super prior to the 1980s was 10 to 12 years. Today a super will stay 4 to 5 years until a better opportunity

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Palmer Management

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ness Journal that five to 10 of the companies at the March meeting were likely candidates for mergers or acquisitions.

"Associating the Palmer name with 500 additional courses is going to take a long time and require a careful screening process," Nanula told *Golf Course News* in mid-May. "There are many ways to do it, including mergers."

The joint arrangement with Toll Brothers is one method. Nanula said the partnership is a response to a market need. The United States has approximately 3,000 residential golf communities with another 100 coming on line each year.

Many have struggled financially and are in the hands of banks, receiverships or developers without the funds to complete their projects.

"They've stalled out for whatever reason," Nanula explained. "The developer or his broker is trying to find a management company to take over the golf course and a local developer to finish the residences. It usually takes months trying to find people to buy the separate parts. With Toll Brothers, we become a one-stop shop. We can make a single bid for the entire property and write a check on the spot. Toll Brothers finishes the homes and we operate the golf course."

The ability to move quickly is a reflection of the financial strength of publicly

traded Toll Brothers and Palmer Golf Management, which received a huge influx of capital when California-based Pacific Golf and the Chicago venture capital firm Apex Investment Partners acquired the golf management firm back in 1993.

Palmer and Toll announced their arrangement in late April. Nanula said he received 25 proposals within a few weeks. "We're looking at three or four very seriously," he said.

Nanula termed the sale of Golf Enterprises to NGP "disappointing", not only because it increased the size of rival American Golf, but also for GEI's investors and managers, who received a lower return on their investment than Nanula believed they expected.

"It was mainly venture capitalists who backed Golf Enterprises," the Palmer Golf executive said. "They generally expect a 30-plus-percent rate of return. I know this deal was nowhere near that."

GEI Chief Financial Officer John Berndsen acknowledged that some of the early investors who purchased stock at \$13.50 (NGP eventually paid \$12) lost money on the deal. The Chicago investment banking firm Golder, Thoma, Cressey that financed the company's original start-up back in 1988 made a small profit, but "managers had higher expectations for Golf Enterprises than were eventually reflected in the selling price," Berndsen conceded.

Nanula said the GEI sale was particularly disappointing because the Dallas-based firm was the first management company to go public with its stock back in July 1994.

"Golf Enterprises never did anything to make itself special," Nanula said. "It just accumulated a bunch of golf courses and then sold them. Unfortunately, that's the route many management firms are taking."

"Golf courses have been run generically for years. There has been no real innovation, like there has been in the hotel and restaurant industries. Golf is still a sleepy little business in terms of customer relations."

"Look at a hotel company like Marriott. They run everything from high-priced to moderately-priced hotels. But there are certain things a customer can expect at any of them — great service, a clean room and a great value for whatever price range one of their hotels are in. That's the sort of customer service we need in the golf business."

Berndsen disagreed, stating that GEI emphasized customer service from day one and continues to do so through its association with American Golf and National Golf Properties.

"If anyone is the leader in customer service, it's AGC," Berndsen said. "Golf is a competitive marketplace. With participation rates down and some unfavorable demographics over the next few years, a golf course must market itself aggressively and retain its customer base to survive. The American Golfs and ClubCorps are in the best position to do that. The only reason we sold the company to NGP was because it was in the best interest of our shareholders."



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Bristol's Clear Creek work nearly complete

BRISTOL, Va. — Work at the 18-hole public Clear Creek Golf Course is about 90 percent complete, according to developer Jack Sykes. Sykes said the substantial earth moving is virtually finished and all that remains is seeding and the grow-in period.

The city of Bristol has already let bids out for two buildings on the course, the clubhouse and a maintenance facility. Along with the golf course, a 250-home residential project is planned.

The city bought the 400-plus acre Clear Creek Lake site from the Tennessee Valley Authority in 1994 and ground was broken in December by Kentucky-based Summit Engineering.