

Palmer Golf pulls out of Harding Park contract

By ANDREW OVERBECK

SAN FRANCISCO — After investing close to \$1 million and spending more than a year struggling to get renovations underway at Harding Park Golf Course, Arnold Palmer Golf Management has decided to pull out of its contract with the City of San Francisco Parks and Recreation Department. In addition to Harding Park, Palmer Golf terminated its management of the city's Lincoln Park and Golden Gate golf courses.

Palmer Golf was scheduled to start a \$15-million renovation at Harding Park this month to upgrade the dilapidated track for the 2003 PGA Tour Championship and boost the course's earning potential. The city is now in contract talks with KemperSports Management, which finished second in the bidding process, in hopes of keeping the tour date. According to the city, if talks go well, work could commence as early as November.

RISKS EXCEEDED REWARDS

Citing economic risks, stringent environmental standards, and the inability to manage unionized city workers, Palmer Golf president and CEO Tim Tierney decided it was in the company's best interest to leave the project behind.

"At the end of the day we felt very uncomfortable about our ability to operate the course with the quality that we needed," said Tierney. "You have to have the right conditions in order to generate \$100 rounds, and there were some environmental hurdles. We thought that it would be best to stay conservative in regards to everything else that is going on in the industry right now and withdraw."

In order to recover the upfront cost of the renovation and the yearly lease of \$2 million, Palmer Golf planned to charge non-residents higher greens fees.

Under the plan mandated by the city, resident golfers would be charged \$25 greens fees and non-residents upwards of \$100. Further complicating matters, 65 percent of Harding Park's 86,000 annual tee times had to be reserved for resident golfers.

However, in order to implement this pricing scheme, course conditions and agronomic practices needed to be improved. When it became clear that they would not have control of the unionized city staff of gardeners, the risks began to exceed the rewards.

"These workers would have their own superintendent and they would not report to us," said Chris Hamill, vice president of development. "It took more than five months to effect small changes."

Equity concerns also cropped up. "It is a difficult marketing game," Hamill said. "You have a foursome of \$25 players in front of you in cut offs and tank tops and

you have \$100 golfers behind them."

ENVIRONMENTAL CHALLENGES

Environmental pressures from local activists and city regulations played a large role, as well. Palmer Golf fought a long battle to get the use of Roundup approved to kill off the old turf, but ultimately faced more debilitating battles.

"The city has an intense inte-

grated pest management program," said Hamill. "If you had an outbreak of *pythium*, you would have to put in a request that could take upwards of a week to get approved before you could go treat the problem."

According to Becky Ballinger, public relations director for the Parks and Recreation Department,

Palmer Golf knew all these things going into the deal.

"In the request for proposal, one of our requirements was that city workers remain maintaining the golf course," she said. "You also have to apply to the Commission on the Environment for a permit to use chemicals."

"We also did financial feasibil-

ity to make sure that we were not asking any more than someone could get a return on," Ballinger added. "According to the information that we gathered, someone can make a lot of money on this, but there are also a lot of restrictions."

The city is pressing ahead with the negotiations with KemperSports Management and hopes that they will take over the renovation project and management contract at Harding Park.

