BRIEFS

AAGMC SEEKING MEMBERS

LAWRENCE, Kan. — The American Association of Golf Management Companies (AAGMC) has kicked off its first ever membership drive and has hired Cynthia K. Smith as its executive director. The association was formed in 2000 and made its debut this fall. The association will be active in lobbying efforts, undertaking joint efforts to address legal issues, and improving industry reporting. Members of the AAGMC advisory board include: M.G. Orender, president of Hampton Golf; Bob Barrett, CEO of Honours Golf; Tom Martty, president of Martty Golf Management; Gil Patterson, president of Caliber Golf; and Brent Krause, general manager of the Wynlakes Golf and Country Club in Montgomery, Ala.

ONCOURSE STRATEGIES LAUNCHED

AUSTIN, Texas — Robert E. Kuhlman and J. Michael Ussery have formed OnCourse Strategies. The firm will offer professional services to the golf and real estate industries including transaction services, brokerage, valuations, lender support and operational consulting. Kuhlman is the former head of the GolfTax division of Deloitte & Touche and Ussery is a former vice president with ClubCorp.

EMPIRE GOLF NAMES FREESWICK

POMONA, N.Y. — Empire Golf has appointed Brian Freeswick as general manager of the new Branton Woods Golf Club in Hopewell, N.Y. Located north of New York City in Dutchess County, the18-hole public layout was designed by Eric Bergstol, founder and president of Empire Golf. Freeswick previously served as general manager at the Brigantine Golf Club in Atlantic City, N.J.

HEGARTY JOINS ALISAL

SOLVANG, Calif. — Michael Hegarty has been appointed director of golf at the Alisal Guest Ranch and Resort here. Hegarty will manage the daily golf operations of the property's two par-72, 18-hole courses. He comes to Alisal from ClubCorp where he operated three public and semi-private clubs in Southern California.

AGC to double learning center commitment

By PETER BLAIS

SANTA MONICA, Calif. — With rounds, revenues and the economy flagging, a program that expects to create 30,000 new golfers this year is the type of good news the golf industry sorely needs.

"If half the public courses in America achieved half those results, we would easily achieve the goals put forth in the Golf 20/20 initiative to create more than a million new golfers a year," said American Golf Corporation co-CEO David Pillsbury of the management company's Nike Golf Learning Centers. "That would benefit all of us — operators, manufacturers, and others."

AGC is so convinced of the importance of creating new golfers that it is pressing forward with its $3-million Nike Golf Learning Center program in the face of some difficult financial times of its own (see story on page 1).

"In a company that wasn't thinking strategically about its business, I could see a program like the Nike Golf Learning Centers being cut," Pillsbury said. "But we're actually doubling our investment. We're spending more in one year [2002] than we did in the previous four."

Nike Golf Learning Centers are operating at 50 American Golf-operated facilities, with another 50 planned to open in the next 12 months.

"They are located where we have our largest concentration of golf courses, major metropolitan areas primarily in the Sun Belt," Pillsbury said. "The new ones will be similarly located. We started out West and the expansion will be primarily into the East and Midwest. The more mature centers are doing very well — a couple in Southern California, a couple in Northern California and one in Chicago. Those are typically larger facilities with a strong population within a 10-mile radius. They are usually connected to a golf course."

TEE IT UP 1

The Learning Centers combine traditional golf fundamentals

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Editorial Focus: Golf Cars

Car makers optimistic despite slowdown

BY ANDREW OVERBECK

The economic slowdown, the events of Sept. 11, stagnant levels of participation and a sharp downturn in new golf construction have combined to create tremendous uncertainty in the marketplace. However, while most golf car makers report that buyers have deferred or delayed purchases in the last few months, some are cautiously optimistic about 2002.


Dewey Holland

"There has been some softness in the market as buyers go back and look at their fourth quarter balance sheets," said Dewey Holland, Club Car's vice president and business manager for golf. "New construction starts are down, but we look at the age of fleets and the fact that people understand the value of new cars and the quality they bring to the image of the course. We are cautiously optimistic about 2002."

Lower interest rates and other leasing incentives are also driving car maker's confidence.

"The irony of the whole thing [customers delaying purchases] is that financing costs are at an all time low," said Todd Sauey, president of Columbia Par Car. "They can lock in at rates that will not go any lower."

To help customers justify the purchase of a new fleet of vehicles, car makers are working to introduce new products, add new features and roll out new concepts.

CLUB CAR

Club Car formally launched its new IQ System in July and 2001 sales quickly exceeded the company's expectations, said Holland. This year its cars will all come with the

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GMI oversaw the construction of Joe Lee's Musket Ridge Golf Club in Myersville, Md.

GMI expands golf operations division

By ANDREW OVERBECK

JACKSONVILLE, Fla. — Golf course design and construction management specialist, Golf Management Inc., has expanded its list of services to include golf course operations.

GMI was founded in 1999 by president Chris Wilkerson who spent 10 years as a vice president and director of construction for the PGA Tour. Wilkerson has steadily added to his team that consists of golf course architect Tim Freeland, ASGCA, and operations manager Rich Hohman. The firm cleared $47 million in revenue last year and now has 26 employees.

"We hired Hohman last year to go after third party management contracts," said Wilkerson. "We see an opportunity to pick up after some management companies that are dropping projects. If we can get them for a reasonable sum, step up the operations and maintenance, then we can bring good projects back to profitability."

MANY POTS IN THE FIRE

Wilkerson hopes that its design and construction management divisions will also turn into management deals. The company currently has several construction projects underway including: Pete Dye's Wintonbury Hills Golf Club in Bloomfield, Conn.; Tim Freeland's Old Hickory Golf Club in Prince William County, Va.; and Lighthouse Links in Freeport, Grand Bahama Island. The company also recently opened Joe Lee's Musket Ridge Golf Club in Myersville, Md.

Hohman said the pooling of resources

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KSL acquires La Costa Resort

SAN DIEGO — KSL Recreation Corp. has added another marquee resort to its portfolio with the acquisition of La Costa Resort and Spa in Carlsbad.

The group bought the famed resort from an affiliate of Japan's Sports Shinko for an undisclosed amount. Sports Shinko bought the property in 1987 for approximately $250 million.

The expansive 479-room resort is set on 400 acres in the coastal foothills north of San Diego. It features two 18-hole Dick Wilson and Joe Lee-designed golf courses, a spa and a tennis center. Additionally, the resort offers meeting, convention and banquet facilities.

"We are proud to include La Costa Resort and Spa in our family of signature resorts," said Scott Dalecio, president of KSL's resort division. Dalecio added that KSL plans to embark on an ambitious improvement plan for the property.

To oversee that work, KSL has named Ted Axe to the post of vice president and general manager at La Costa. Axe will make the transition from his current role as vice president and general manager of KSL's Claremont Resort & Spa in Northern California.

GMI, operations

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has already proved to be helpful. "I run into people that are building a new course and feed the design work to Tim and the construction management to Chris," he said. "We are always feeding each other leads."

Hohman spent 2001 "working on 200 different deals" and putting together several consulting agreements.

As far as third party management is concerned, Hohman said that the company is involved with a group that is buying Kiskiack Golf Club in Virginia from the National Golf Properties portfolio and is currently managing Maryland National in Fredrick, Md. He said the company is close to a couple other deals in Florida.

"We have seven or eight deals that we will close in the next couple months," he said. "We are also doing consulting jobs for new developments to help them develop due diligence and operational analysis. We are hoping those will develop into ongoing third party management contracts."

At the Art Hills-designed Maryland National that will open this summer, Hohman has been able to put together a management team from scratch. Mike McGillicuddy, a former American Golf employee and the former manager of the TPC at Heron Bay, will be the general manager, and Brian Zigafoos will be the superintendent.

"We are creating a staff from the ground up," Hohman said. "Being able to establish all the systems, policies and procedures from day one makes a big difference."

According to Hohman, there are many turnaround opportunities out there, even in overbuilt markets.

"There is no shortage of opportunities," he said. "Every course has a niche in its market." ■

IRS, depreciation

Continued from page 1

dollars.

"The ruling allows course owners to deduct any cumulative 'undepreciated' amount as of Dec. 31, 2000, over four years beginning in 2001. This may be a boon for course owners that are hurting right now," he said.

However, Ellis also pointed out that this change is factual in nature and that a majority of owners were already claiming the depreciation.

"The ruling brings the IRS into agreement with course owners over depreciation, and it protects those who have been depreciating greens from being audited," he said.

The IRS's previous ruling regarding greens was issued in 1955 when "push-up" greens were the norm. While push-up greens will remain nondepreciable, the new ruling recognizes the complexity of modern greens construction.

The new ruling states: "Unlike push-up or natural soil greens, the modern green is a sophisticated improvement to the land carefully designed to facilitate drainage. Essential components of the modern green are underground drainage tiles or interconnected pipes. Because these tiles or pipes deteriorate over time, they have a determinable useful life and, therefore, are depreciable."

The items will be depreciable under current law and regulations as 15-year land improvements. However, Ellis cautioned that costs of general earthmoving, grading and initial shaping of the area surrounding and underneath the modern green will remain nondepreciable.

BUNKERS AND TEES TO BE ADDED

While the ruling only specifically addressed modern greens construction, Ellis said the IRS will soon issue internal guidance on bunkers and tees.

"We were aware they were only going to address greens in this ruling because the 1955 ruling only addressed greens," he said. "But the basis of their conclusions is the factual existence of integrated drainage systems in modern greens. It is our understanding that they will apply the principles of this ruling to other golf course items such as bunkers and tees, but only if similar integrated drainage facts exist."

COST SAVINGS

The ruling provides automatic approval for a change in accounting method. Modern greens and other qualifying improvements not depreciated, or under-depreciated in prior years, could be eligible for a cumulative depreciation adjustment.

For example, an owner with $1 million in depreciable costs placed in service in January 1991 should have been cumulatively allowed $675,000 in depreciation through 2000. With the change, 25 percent ($163,750) will be deductible per year for 2001, 2002, 2003 and 2004. In addition, the balance of the greens cost ($325,000) would be available for the normal depreciation of approximately $60,000 per year for five years beginning in 2001. This results in approximately $224,000 in additional depreciation expense for 2001 and each of the next three years.

Ellis stressed that documentation will be critical to determining the amount eligible for depreciation and that owners that over-depreciated improvements could be subject to recapture in the year of audit. ■