BY JOHN WALSH

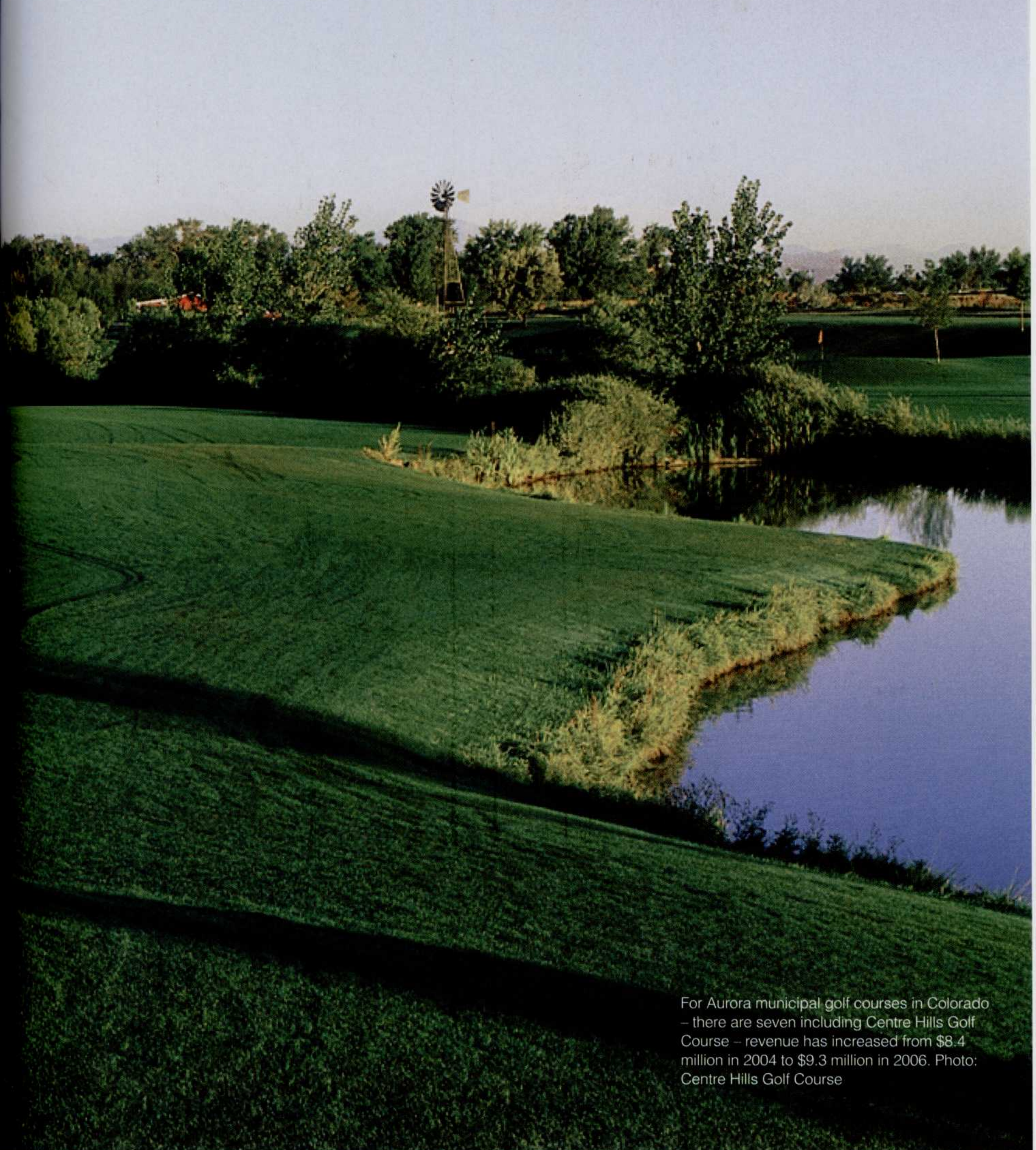
Making munis work

Superintendents share their successes and difficulties working at municipal golf courses

During the past seven years, the supply of municipal golf courses has remained relatively stable (see chart on page 43). Yet muni operations are struggling financially as other facilities in their areas discount and compete savagely for rounds. Many government-owned golf courses operate at a loss and, increasingly, cities and counties must face the decision whether to keep the money-bleeders open because it's a recreational service provided to city residents or close them and redevelop the land for something else.

In Bloomington, Ill., for example, the city owns three 18-hole golf courses – Highland Park, The Den at Fox Creek and Prairie Vista. Highland Park, built in 1924, has serious infrastructure problems, says Kerry Satterwhite, CGCS, superintendent of golf course maintenance. It has a 40-year-old irrigation system and a 150-year-old maintenance building.

"A decision needs to be made – either dump a lot of money into it or get rid of it," Satterwhite says. "The parks director wants to put money into it, but I don't know if the community would support it. It's in a prime location that would lend itself to other uses."



For Aurora municipal golf courses in Colorado – there are seven including Centre Hills Golf Course – revenue has increased from $8.4 million in 2004 to $9.3 million in 2006. Photo: Centre Hills Golf Course

At Traditions at Chevy Chase, rounds are limited to 30,000 a year because the city and course management don't want the course to be rundown. Photo: Traditions at Chevy Chase

Yet the city's The Den at Fox Creek, an Arnold Palmer design that opened in 1997, is part of a huge real-estate development, so it's highly unlikely the course will ever close, Satterwhite says.

The market in Bloomington has balanced out. Four years ago, a nine-hole course was plowed under, but three years ago, another nine-hole course opened. One golf course was renovated, and another was taken over by a management company. Still, there has been a steady decline of revenue at the three municipal courses – a 10- or 12-percent decrease – since 2001.

"It's a concern," Satterwhite says.

Up until the past two years, the financial status of Bloomington's three courses wasn't a concern for the city, but now, officials are asking questions.

"The city wants us to pay our own bills and show profit," Satterwhite says. "In 2000-2001, we generated $3.3 million in revenue. This year (fiscal ending April 30), we fell just short of $3 million. When $400,000 to $500,000 in revenue isn't there anymore, people start to raise eyebrows. The city is OK with it for now, but we're under a watchful eye. The question is when do we quit subsidizing the golf courses? Up until now, the city administration has been very supportive."

As a result of less revenue, less money is spent on capital equipment, and no capital improvements were made the past few years.

"We're just holding the line on operational expenses," Satterwhite says.

Additionally, Satterwhite isn't fertilizing the courses as much, is cutting back on the number of ornamentals planted annually and is saving one fungicide application a year. There's also less verticutting and topdressing on tees, as well as less divot repair on tees and fairways, which used to be daily, but now is twice a week.

Even with these efficiencies, Satterwhite's staff is focused on customer service.

"I explained to the maintenance guys this is a customer service job," he says. "They are interacting with golfers more often than ever."

Another challenge for Satterwhite is the expense of union labor, which is $125,000 a year for two workers.

SUPPORTING NONGOLFERS

In Fond du Lac, Wis., the county-owned, 27-hole Rolling Meadows Golf Course operates as an enterprise. The maintenance budget, which has increased 4 percent during the past five years, is $496,000 including labor, $196,000 sans labor.

"It's helpful for us that we're an enterprise fund," says David Brandenburg, GCGS, golf course manager, who says there's no reason why a muni can't be self supporting. "It's better than a course that's part of the county budget where the county can pull money from us. We can borrow from the county, but we pay it back. We have to break even. The money we make, we keep. We pay the county $71,000 each year in lieu of taxes. We've been successful. We're not a burden to the taxpayers because we support the county's general fund, so we're important to the nongolfer. The golf course supports county golfers and nongolfers."

Brandenburg has spent $45,000 to $50,000 on new equipment recently and $20,000 to renovate tees, bunkers and build a new green – all of which was done in-house.

"We're investing," he says. "You have to spend money to make money."

Still, Brandenburg expects the course to break even this year, adding that he feels a lot of pressure because expenses seem to rise higher that what the county can charge for a round, which is $27 during the week and $30 during the weekend to walk. Because of that, he operates efficiently.

"We've cut back on hourly labor and capital purchases," he says. "We have a lot of part-time employees (college students and retirees) and only three full-time employees – a mechanic, an assistant and me. But it's difficult to cut back on fertilizer and chemicals. I'm trying to stretch the fungicide applications and cut back on fertilizing the rough. We added natural areas that are now mowed once or twice a year."

There's been little discussion about selling the 35-year-old golf course but nothing at the committee level, says Brandenburg, who has been at Rolling Meadows for 10 years.

Keys to success for munis

Many golf course superintendents believe a municipal golf course isn't inherently at a disadvantage when it comes to operating a successful facility. Granted, budgets might be smaller than many, but having the right people involved and proper expectations are important.

At Traditions at Chevy Chase in Wheeling, Ill., Allen Parkes, CGCS and PGA professional, says he has a great supporting cast.

"I have a park board, executive director and general manager who understand maintaining turf at a high level is a process, not an event," says Parkes, who has been at Traditions for three years. "They've been patient and have acknowledged the progress we've made the past two seasons. The profitability objective and strategic initiatives are clearly articulated (repeatedly), and resources have been provided to realize those goals. The entire team is passionately committed to excellence. I couldn't ask for a more supportive environment to come to every day. I'm truly blessed."

PARKES CITES FOUR KEYS TO THE SUCCESS OF A MUNI GOLF COURSE:

1. The right people. "Marketing 101 states that to be successful you have to have the right product at the right price at the right place with the right promotions," he says. "I add a 5th P, and that's people. In the current environment of heavy competition, increasing costs and a near-zero growth rate, it's imperative facilities employ true professionals in every department: turf management, food-and-beverage, facility maintenance and golf operations. In this type of competitive environment, you've got to be hitting on all cylinders to retain customers and generate a normal profit. Each department must hold the other departments accountable for success if the entire operation is to improve. If one department is sub par, the weakness ripples throughout the entire operation and eventually will impact the guests' experiences negatively."

2. Realistic goals. The operational goals must be realistic and clearly stated. Also, the right tools must be provided to deliver the desired results.

3. Equipment technician. An experienced and dedicated equipment technician is critical.

4. Employee retention. "The only way we can deliver a high-quality product on a consistent basis is to maintain continuity in a well-trained turf management crew," Parkes says. "We conduct 30-, 60- and 90-day performance reviews. This provides a great opportunity to pat each and every team member on the back and to discuss areas that might need improvement. The quality of the course today becomes the expectation for the conditions the next time the golfer plays Traditions. Golfers want the product or service to be better the next time, but they don't expect to pay any more for it."

PARKES ALSO CITES TWO BARRIERS TO SUCCESS:

1. Labor agreements. These might not be beneficial to the facility.

2. Organizational problems. Support is either not provided for the upkeep because other entities (parks, swimming pool, etc.) are deemed to need the available funds or resources generated from operations are used to subsidize other programs rather than being reinvested back into the facility.

In addition to these keys and barriers, a renovation can contribute to success. What initially pulled people back to Traditions was the buzz that followed the renovation that was completed in 2003, Parkes says.

"Golfers wanted to see the new Chevy Chase," he says. "What has kept us on their play list is the continued improvements to the course and the great service that golf professional Bob Falkiner and his staff deliver once the golfer pulls into the parking lot. Bob provides valet club service, name plates on every cart and an extremely friendly staff that reacts promptly to customer needs. They genuinely like people, and it's demonstrated in virtually every customer touch." **GCI**

There has been a steady decline of revenue at the three municipal golf courses, including Prairie Vista, in Bloomington, Ill., since 2001, says Kerry Satterwhite, CGCS. Photo: Prairie Vista Golf Course

The city of Aurora, Colo., owns seven golf courses, including Saddle Rock (opposite page). It faces uncontrollable increases in operating expenses without the ability to increase revenue at a comparable pace.
Photo: Saddle Rock Golf Course

"It's not an overbuilt area, so the land the golf course sits on wouldn't be a premium property," he says.

LACK OF GROWTH

Much like Satterwhite and Brandenburg, Dennis Lyon, CGCS, manager of golf for the city of Aurora, Colo., faces operating difficulties. Aurora owns seven golf courses – six 18-hole facilities (all with budgets of $600,000 or more) and one nine-hole, par-3 course. Lyon's three biggest difficulties are:

1. Uncontrollable increases in operating expenses without the ability to increase revenue at a comparable pace;

2. No real growth of the number of rounds played per 18-hole golf course during the past five years; and

3. The development community building public golf courses to sell houses instead of meeting a demand for golf in the area.

"The course ends up cannibalizing rounds from surrounding courses," Lyon says. "Golf operations are subsidized by home sales, and the developers eventually leave with their pockets full of money and turn an albatross over to the homeowners to figure out how to manage and maintain it."

For Aurora municipal golf courses, total rounds have declined from 322,332 in 2001 to 295,482 in 2006. However, annual revenue has been more stable. The courses generated $9 million in 2001, declined to $8.4 million in 2004 and increased to $9.3 million in 2006.

Lyon cites attitude and corporate culture as the best examples of operational efficiencies.

"By this I mean management sets the bar high; the employees are committed to achieving the expectation; everyone is tasked to figure out how best to do their job given the opportunity to do it; and if there's a dollar to be saved, it's saved and celebrated."

PATH TO SUCCESS

The biggest mistake Brandenburg sees other munis make is operating like a park with tee times instead of a daily-fee golf course. Some munis add an extra step for players to come play, Brandenburg says.

"For example, residents here complained they needed to buy a discount card, and second, they needed to show the card when they checked in to receive the discount," he says. "Nonresidents felt cheated because they had to pay more, when in reality, they paid the normal price and card holders received a discount. We eliminated the card and went to a single pricing structure to eliminate complaints from both sides. Everyone needs to be treated the same."

County employment can make operating a muni difficult, too.

"It's easier for county employees to be lazy,"

Brandenburg says. "I'm not required to work anymore than 40 hours. But in the real word, you're expected to work extra hours. We work extra hours just like any other golf course. Labor-wise, you have to be a self-promoter rather than working with the threat of being fired."

Munis also are known for bidding things out, which can be detrimental because it's not always about buying the cheapest product or service, Brandenburg says.

"We shop around and get tight specs and buy what works for us," he says. "Doing things strictly on cost can be a negative, though. But if you're not efficient and not on top of things, you'll struggle. A good purchasing operation is key."

For operational success, munis need the right people, need to differentiate themselves from the competition, need continuity of thought and don't need to discount so much, says Allen Parkes, CGCS, (who is also a PGA professional) at Traditions at Chevy Chase in Wheeling, Ill.

"Munis aren't inherently at a disadvantage," Parkes says. "You have to be spending money at the right time and on the right things and on the right people. Competitive markets change. I've seen a county come in and compete with the private sector at a ridiculous price. You have to spend money to make money. Yet, I'll price out generic chemicals, and we buy used equipment. I'm not buying the newest toys either. We'll run fairways mowers well past the five-year lease because we have a good technician."

Traditions, which has a maintenance budget of $700,000 and revenue of $1.5 million in 2006, might be doing better than most munis. Parkes says rounds are limited to 30,000 annually because the city and course management don't want the course to become run down.

The course is competing in the upscale market. As a result, the course was renovated in 2002, Parkes hasn't been turned down for equipment since he has been there, he's been able to spend $20,000 annually on flowers and is investing $20,000 on decorative curbing.

"A lot of the success is location," he says. "We're on the north side of Chicago in a wealthy suburb where there are a lot of retired folks. But the executive director, board and g.m. all want this to be a showcase of the parks district."

To be successful, Lyon suggests munis concentrate on adding value rather than cutting expenses.

MUNICIPAL GOLF COURSE SUPPLY (18-HOLE EQUIVALENTS)

Year	Openings	Closings	Total at 12/31
2000	21	NA	2,222.5
2001	24.5	NA	2,205.5
2002	15.5	NA	2,192
2003	16	3.5	2,195
2004	15.5	2.5	2,219
2005	10.5	4	2,239
2006	9	3.5	2,256

Source: National Golf Foundation

"Avoid discounting with coupons etc., because you diminish your value in the eyes of your customers," he says. "Implement a loyalty program that caters to your core golfers, not the one-time bargain hunter. Develop new golfers and concentrate on customer service throughout the golfer's experience."

Regarding the future of muni golf, Lyon doesn't make a distinction between muni and public access golf but says the price of public access golf is increasing in response to the cost of doing business.

"The marginal operators might not survive because of product, location or management," he says. "Courses with debt will have an even more difficult time. The ability to invest in infrastructure and equipment replacement for the foreseeable future looks grim."

Overall, munis have the same challenge most other facilities do – declining or stagnant rounds. But it's not dollar driven, it's a competition for time, Satterwhite says.

"Golf has to be faster," he says. "People don't have five or six hours to play golf. We need to find out what the needs of the golfer are and meet those needs. For example, The Den wanted to cater to the competitive golfer. Now we're hearing golfers think it's too hard. If we weren't a muni, we wouldn't be in business. Munis aren't concerned as much about making money. They have more flexibility to weather the storm." **GCI**