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PROJECT

APPROVED

BY MICHAEL D. VOGT

With a tough economy and steep competition, now might also be the perfect time to pull ahead by getting that capital improvement project approved.

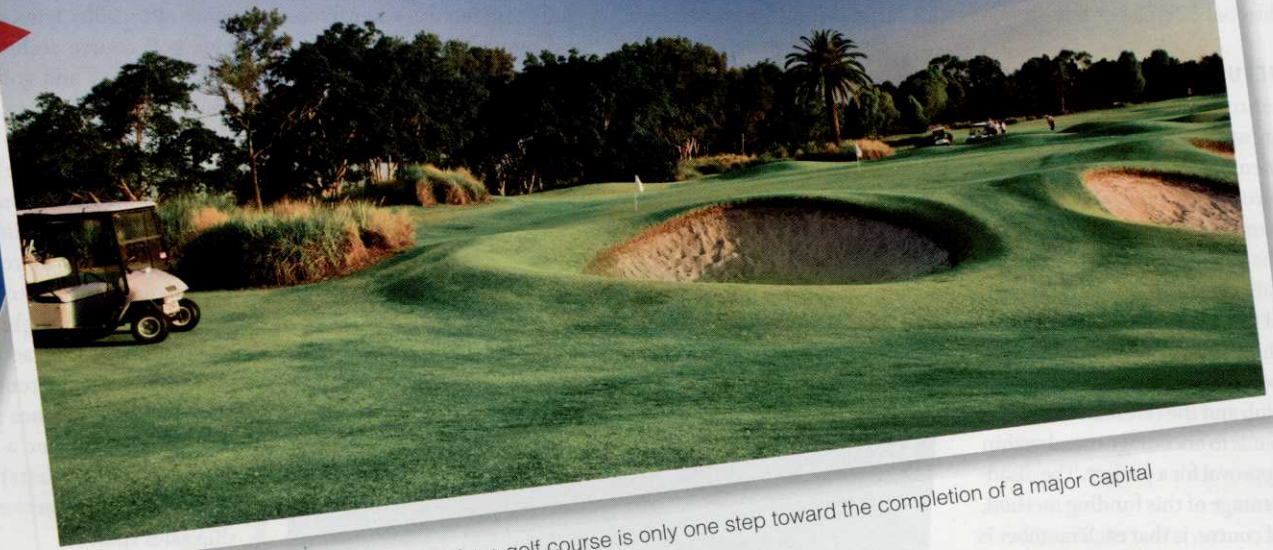
Despite the recent decline in new course construction and subsequent rounds played, the golf course still remains the primary asset at the private club. The number of public golf courses has ballooned by nearly 50 percent since the early 1990s, compounding the oversupply of available golf. Many of these new public courses have excellent turf quality and architectural merit, and private clubs located in close proximity have been compelled to upgrade their facilities to remain competitive in the marketplace. When the leadership of a private club finds it necessary to campaign for a major capital improvement, seeking valuable input from the membership, developing a realistic budget and offering a feasible financing plan are just as important as commissioning a detailed architectural drawing.

One of the best ways of checking the membership's pulse in the early stages of a capital improvement program is to circulate a well-crafted survey. To gather valuable input from the membership, survey questions should be written in a manner that allows each member to rate his or her satisfaction with individual components of the course. In-

dividual areas of concern will be unique to each course but items such as the playing quality of the bunkers; the condition of the greens, tees, and fairways; and the enjoyment of the course's layout should always be included.

Given the right circumstances, it also can be appropriate to include questions pertaining to the course's unseen infrastructure, such as the maintenance facility, drainage system and irrigation system. Additionally, a good survey should identify specific capital improvements that are most important to the membership and their general willingness to pay for these items.

For several reasons, an objective third party is typically the best



Developing an architectural master plan for a golf course is only one step toward the completion of a major capital improvement project.

administrator of a membership survey. First, surveys conducted by a third party can provide greater credibility and objectivity for gathering important information. Second, a third party can share information and offer guidance in dealing with unexpected club political issues that tend to arise on a frequent basis.

And, finally, a qualified third party will have a proprietary database that can be used to compare the survey results to those of similar clubs. Such benchmarking can help shed light on the course's competitive position in local and regional markets.

The task of developing a realistic budget for capital improvements oftentimes is assigned to the greens committee or a golf course planning committee. Ideally, this committee should be composed of a representative from every segment of the club's membership.

For technical expertise, the committee also should include

the club's professional staff and specialists appropriate to the task at hand, such as a golf course architect, an irrigation system designer and/or a civil engineer.

Once convened, the committee's initial task is to study the existing condition of the course and its infrastructure to determine the full scope of work needed in a master plan of improvements.

From here, a master plan can be developed by a golf course architect, and the committee can solicit cost estimates and begin the process of piecing together a realistic budget that is in line with the funding capacity of the club.

After a realistic budget has been assembled, the next crucial step in cultivating membership approval for a large capital project is to determine feasible financing options.

Again, this is an opportunity and is appropriate when surveying the membership to include questions pertaining to the golf course's unseen infrastructure,

“One of the best ways of checking the membership's pulse in the early stages of a capital improvement program is to circulate a well-crafted survey.”

such as drainage, the irrigation system and the maintenance building.

FINANCING OPTIONS. The most common methods of funding capital improvements are: a monthly capital dues increase, a refundable assessment and a non-refundable assessment. Each funding method offers a club and its members a different set of advantages and disadvantages.

MONTHLY PAYMENT. A monthly capital dues increase is simply a means of generating extra income to cover the cost of financing a loan for capital improvements over a period of

years. The advantage of this financing method is that most members prefer a low, monthly payment in lieu of a large, single payment. If a member chooses to resign from the club after the completion of a capital project, then he or she is excused from future payments. The disadvantage of this financing method is that taking out a loan will put the club in debt, thus threatening its financial future should a significant number of members resign unexpectedly.

For example, AnyTown Country Club borrows \$1,000,000 to pay for a capital improvement. The loan interest rate is fixed at 6% over a term of 10 years, which

equates to an annual principal and interest cost of 13.32 percent. To support the loan, the club will be required to make a monthly payment of \$11,102. If the club has 400 members, then each would be required to pay an additional \$27.76 per month.

REFUNDABLE ASSESSMENT. A refundable assessment entails an up-front payment from each member with a refundable feature that becomes effective if a member leaves the club before the end of a specified amortization period. The advantages of this funding method are that the up-front assessment supports the financial future of the club and the refundable feature tends to encourage membership approval for a project. The disadvantage of this funding method, of course, is that each member is required to make a large, single payment.

For example, at AnyTown Country Club each member is assessed \$5,000 to fund a proposed capital improvement. Assuming an amortization schedule of 10 percent per year for 10 years, a member resigning from the club after five years would receive a refund of \$2,500 or an amount equal to 50 percent of the original assessment.

NON-REFUNDABLE ASSESSMENT. A non-refundable assessment entails an up-front payment from each member covering the total cost of a capital. The advantage of this payment method is that it covers the complete cost of the project and thereby doesn't threaten the financial future of the club. The disadvantages of this payment method are that it obliges the current membership to cover the entire cost of a capital project and that each member is required to make a large, single payment.

ASSET RESERVE ACCOUNT. In some instances, private clubs are

established with a bylaw that sets aside a portion of the monthly dues in a capital reserve fund. The obvious advantage of this accounting method is that the club is capable of using existing assets to cover the periodic costs of large capital improvements. The disadvantage here would be that it increases the monthly dues that in turn might make it more difficult for the club to sign up new members dur-

assessment. These blended options are as varied as the clubs that arrange them. Members value these options because of the varied financial ideologies of members at large. The disadvantage is that blended financing can exhaust a club's cash reserves when fix costs and monthly dues income cannot cover that portion of capital expenses.

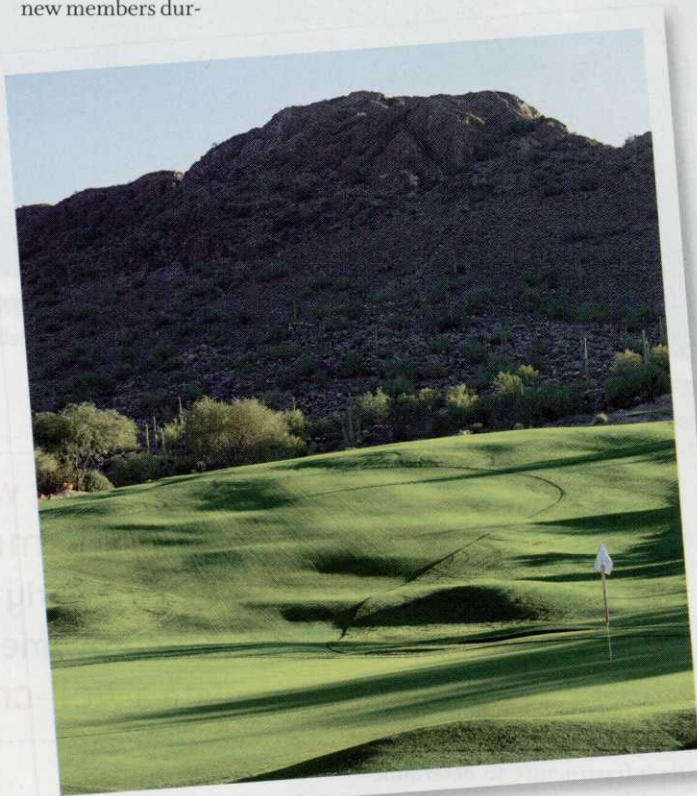
members may be required to contribute, but at a reduced rate when compared to regular members.

AFFORDABILITY. At no time has the cost of capital projects been more affordable. Bank rates are low, golf course architects are less than busy and golf course contractors are looking for cash flow. A club that has a healthy view towards the future will find that planning and committing to projects will accomplish these capital ventures at relatively low prices compared to just five years ago. Now might be the best time to plan and accomplish these much-needed renovations or projects to enhance the golf course. Often after a capital renovation, membership will increase usage and new membership sales spike.

It's difficult to imagine how many master plans are rolled-up in the corner of superintendent's offices, never acted upon. It may be an opportune time to resurrect these plans and get the ball rolling before interest rates climb, contractors begin working on penned-up demand and golf course architects start traveling and begin plying their trade.

Developing an architectural master plan for a golf course is only one step toward the completion of a major capital improvement project. In an era when public golf courses are being developed that rival and, in some cases, surpass the playing quality of private clubs, it is easy to recognize the importance of keeping up a modern, well-cared-for golf course facility. After all, current industry surveys show that access to a high-quality, well-maintained golf course is still the primary reason for joining a private club. **GCI**

Michael Vogt is head of McMahon Group's golf division and a frequent contributor to GCI.



Despite the state of the economy, the golf course remains the primary asset at the private club.

ing stressful economic times. A complete asset reserve study preformed periodically is the preferred way to forecast the needed resources to fund course components before the end of their useful life.

BLENDED FINANCING. Most often a club will be in a situation that a blended financing option is most attractive. The cost of large capital expenditures is paid for by a combination of a commercial bank loan, cash from asset reserve accounts and a small monthly as-

WHO PAYS? One important detail in the process of developing a feasible financial option is evaluating which segments of the membership should pay for a large capital improvement. If the scope of the project is limited to golf course improvements, then logically those members who play most often are typically required to pay for the bulk of the improvements.

If a social club member is granted limited access to the golf course, then he or she might be required to contribute a small amount. Additionally, senior

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BIG VALUE IN SMALL PROJECTS

Well-designed projects achieve better long term results than an un-designed one, even if it is difficult to “quantify” those results in terms of better aesthetics, maintenance or fairer play conditions. That alone makes the cost of involving a golf course architect inexpensive, especially when spreading out the cost over the 15 to 50 year lifetime of a well-built feature. As insurance salesmen say, “it’s only pennies a day.”

That most clubs who involve architects have learned the hard way that their in-house projects didn’t really solve

problems, and may have made them worse is further testament that design fees are less expensive than rebuilding one green twice, and that designers usually don’t increase the cost of a project, but reduce it. In addition to a better, more useful product, golf course architects typically bring substantial short term value for clients through their services, even on the smallest of projects.

Here are some valuable knowledge and skills that golf course architects bring to even your smallest projects, presented David Letterman-style:

10 PERMITS

It’s not fine to work without a permit, but there are fines – sometimes substantial – for working without certain environmental, ADA and other permits.

9 BROAD PERSPECTIVE

Typically, superintendents design for maintenance, contractors design for construction ease and members design for their own games. Golf course architects design from all perspectives and have the skills to bring it together with appropriate compromises.

8 “APPLES-TO-APPLES” COMPETITIVE BIDS

Even a cart path isn’t always a cart path, as one club found out when they got widely-varying bids. They retained a golf course architect to provide a simple bid package that clarified “industry standard” concrete strength, reinforcing, finish and curbing, and got consistent and acceptable bids. Their cost was a few weeks’ delay, but it might have been much more.

7 BID ANALYSIS/VALUE ENGINEERING

The golf course architect is capable of weeding out unqualified contractors, providing for alternate bids while bidding, when you get competitive pricing, rather than after

the bid, when the contractor has more negotiation power. Selecting the right contractor, all factors considered, isn’t always a matter of taking low bid.

6 CONTRACTS

You wouldn’t buy a house (which costs about the same as small renovations) without a contract, and you shouldn’t hire a contractor without one. In small projects of any kind, displeasure arises from differing expectations of responsibilities.

5 CHANGES ON THE FLY

Surprises happen – construction is a dynamic process. Even after the bids, we are experts at balancing changes – deleting one thing for another, always in your best interest.

4 CONSTRUCTION EVALUATION

Owners should use their archi-

tect’s to monitor their contractor to get what they pay for. The need for expert construction evaluation can be summed up in these phrases:

“You don’t get what you expect, but what you inspect.”

“Trust your mother, but cut the cards!”

“If the contractor becomes your best friend, he got the best of you.”

3 SCHEDULE

Missed schedules cost you more than high bids, so setting a realistic one is imperative.

2 TRANSITION FROM CONSTRUCTION TO POST-CONSTRUCTION

Changes in grasses and/or green construction often need a new maintenance regimen. While superintendents usually network to find out, your architect is also a valuable source of information past design.

And the NO. 1 REASON to use a golf course architect:

WHEN THINGS GO WRONG, YOU HAVE AN EXPERT TO BLAME!

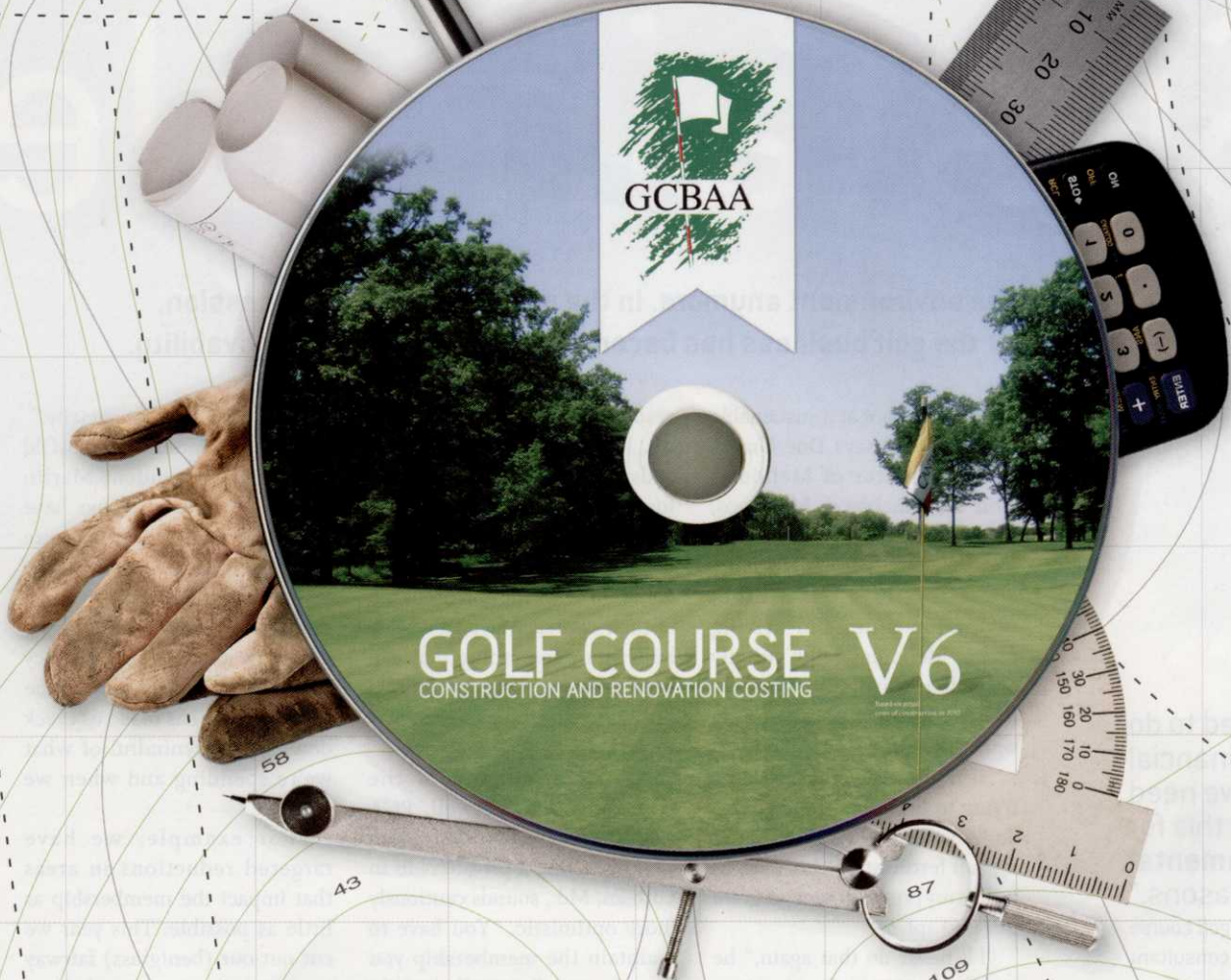
OK, I am just kidding there. Having an outside consultant design – and explain – proposed changes can go a long way towards blunting the often-unfounded, but always-ongoing rumors and criticism.

Every project – no matter how small – is unique, and will go better when a combination of experienced people look at its parameters rather than assume it is standard, can’t be done better, or will encounter no problems. Sometimes, the smallest projects require the most detailed planning to pull off, and experienced golf course architects can help you achieve success, often for a very reasonable fee. GCI



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Sustainable

It's not just for the environment anymore. In the midst of a historic recession, sustainability for the golf business has become synonymous with survivability.

BY JIM BLACK

“We are not at a sustainable level,” says Doc Grace, owner/operator of Mellomar Golf Park in Lower Marlboro, Md.

A very family-friendly facility consisting of a par-3 nine, regulation nine, and driving range, Mellomar relies heavily on golf-rewarded volunteers to keep his operation running smoothly.

“If it wasn't for that, we'd be trying to find something else to do,” says Grace. “I had to cut out my fall fertilization this year, as well as my pre-emergent program this past spring.

“I'll never do that again,” he says, lamenting his bumper crop of crabgrass.

Customers come expecting to get reduced prices for golf and a cart, yet still expect pristine conditions, Grace says.

“The seniors always want a break because they're on a fixed income, and my comeback

response now is, ‘If this keeps up, I'll be on no income,’” he adds. “I think what will help is for the superintendent to become more involved with the golfers more proactive as to what is going on with the maintenance of their course. Maybe a weekly bulletin or something that can help educate the customers a little as to why things are the way they are.”

At the other end of the spectrum, Bob Fretwell, PGA Club Professional at Old South Country Club, a private club in Lothian, Md., sounds cautiously more optimistic. “You have to maintain the membership you have,” says Fretwell, “while at the same time offer more creative pricing structures to try and attract new members.” Creativity, he admits, that goes so far to include holding dues off altogether for a year or two.

“Right now play is not off, but you've got to cut your expenses 10

percent to keep up financially.”

On the maintenance side, Old South superintendent Marlin Ewing says, “Sure, things have slowed down a bit and there have been budget cuts. If there is one thing positive that can be said about the downturn in the economy, it is creating efficiency from necessity. The state of the industry now has made us crack down and be mindful of what we're spending and when we spend it.

“For example, we have targeted reductions in areas that impact the membership as little as possible. This year we cut out our (bentgrass) fairway topdressing program and chose not to spend the budgeted \$5,000-per-month equipment finance/lease allocation and repair the equipment we own. As far as labor goes, our in-season summer staff was hired based more on need than on promising guys a 40-hour work week. A

“We need to do this for financial reasons we need to do this for environmental reasons.”

— Tom Mead, golf course consultant

The GGBAA Golf Course Construction and Renovation Costing Guide

Golf 2.0

bigger seasonal staff in the mornings before play allowed us to get more work accomplished, freeing up the full-timers to handle the handwatering duties in the afternoon,” Ewing says.

“Taking advantage of early order programs, using generic chemicals when possible, all helps to chip away at the bottom line and ease the strain on your budget.”

For some, sustainability can be simply a business matter, where revenue exceeds expenditures. For others, like myself, sustainable golf is an intricate triangular weave of golf and the environment, golfer expectation and sound golf business practices to maintain revenues.”

Michigan-based Golf Course Consultant Tom Mead, a 36-year veteran of the golf business and who is represented by Resort and Golf Marketing, Bloomfield Hills, Mich., has seen this “bust” building up for some time.

“Private clubs in Michigan are going out of business and many decision-makers are uncomfortable because they

are now having to make crucial decisions that have long-term ramifications. What really needs to happen is there has to be a significant shift in values, standards and practices among golf clubs in order to stay open. I’m not talking about minor adjustments to the current business model. A new, sustainable business model based on dwindling natural resources and less disposable income for golf will help to assure short- and long-term financial success.

“What many courses are doing now to stay viable can’t sustain them long term,” he says. “For facilities to offer value-added things like a free boxed lunch at the turn or even free golf, hoping to survive on the cart revenue, may help solve short-term problems for certain facilities, but does little to improve their long-term financial viability.”

Mead has been at the forefront of sustainable golf since his first project with architect Tom Doak, High Pointe Golf Club near Traverse City, Mich. Mead says, “Our goal was to create a course

that was affordable, low input and walkable. As the saying goes, ‘In order for golf to grow, it needs to be for everyone.’ Like a lot of daily fee courses built during the boom, the green fees were never truly affordable for mom and dad and the two kids to all spend the day playing together.” Sadly, High Pointe closed in 2009.

The point? “I think there’s a better chance for long-term financial success if we get off the treadmill of trying to meet golfers’ expectations by continually increasing maintenance intensity and budgets, and figure out how to make money respecting the real intent and spirit of the game while protecting the planet’s vital resources. Plenty of superintendents can see the need for some sort of transition, and they have the ability to develop a sustainable maintenance program. The problem is that they do not have the time or ability by themselves to educate their boards and members, or owners and paying golfers, about what they are doing and why.

“To remain profitable the game

“If there is one thing positive that can be said about the downturn in the economy, it is creating **efficiency from necessity**. The state of the industry now has made us crack down and be mindful of what we’re spending and when we spend it.”

— Marlin Ewing, Old South Country Club



needs to evolve back to its origin, more connected to the natural world and local community. A new business model must address the fundamental problem of the business. We must reduce inputs. Especially water. We need to do this for financial reasons we need to do this for environmental reasons. Everyone in the business must make an extra effort to educate the paying golfer on the real intent and true spirit of the game and why it's important to preserve and protect our natural resources," says Mead.

Andy Sheehan, CGCS, now a sales representative for Davisson Golf, has seen the sustainability issue come to the fore throughout his territory in the mid-Atlantic. "What I'm seeing now," Sheehan says, "is people are once again having to prepare 'real' budgets which, in a way, is good. It's forcing them to be smarter superintendents.

"Guys will order, say, 14 bags of fertilizer for a greens application," Sheehan says, "because that has always been the number of bags it took to fertilize their greens. They don't take into account the area of their greens, calibration of their spreaders, or the fertilizer analysis it's just 'what we've always done.' Sales is no longer about being a good pitch man. You have to help out and be a consultant. I've helped lots of guys calibrate their spreaders and sprayers and they end up saving in the long run because they can more accurately determine their needs and stay within budgets."

Nothing wrong with that, Andy. **GCI**

Jim Black is a freelance writer based in St. Leonard, Md.

GUEST COLUMN

Time for change

Golf courses have long been perceived as environmental wastelands that use high amounts of chemicals and too much water. We all know these intensively managed areas have slowly begun to integrate organic and sustainable management practices. Although this topic is very highly publicized, actual changes in practices are sluggish. Maybe golf is such a traditional game that even its managers are afraid of change? If we want golf to thrive in the future we need to change the way we do things so the game is able to sustain itself.

For the game of golf to endure the rigors of the social, economic and environmental demands, attention must be given to specific areas of golf course management. According to the Environmental Institute for Golf this includes water management, integrated plant management, wildlife/habitat management, energy/waste management, and golf course siting, design and construction. As a course manager, improving in all five areas is a daunting task, not to mention the money and time consumed. With man hours being decreased, budgets being slashed and unprecedented environmental conditions present, it can, at times seem impossible. Like any new skill, we need to crawl before we walk and walk before we run and not dive head first into the two foot kiddie pool. Here are some simple steps towards making your facility more sustainable.

New generation, new ideas

As a new breed of young, up-and-coming turf managers, we bring a new train of thought to the industry. Challenge yourself to seek changes from the ordinary by thinking outside the box.

Use your intelligence to initiate and try new, well thought out

ideas. Don't become complacent. Test your comfort zone and step outside boundaries. Assess your daily practices and justify why things are done. Doing things the same way because it has always been done that way won't cut it.

Learn principles of habitat/wildlife management

Golf course managers are generally not well-educated in habitat/wildlife management. This can be attributed to the unique differences between golf course and habitat/wildlife management. Golf course managers want things perfect immediately and habitat/wildlife managers understand this process takes time and has a lower threshold for perfection. Furthermore, courses tend to strive for uniform monocultures, whereas habitat/wildlife management seeks polyculture and diversity. Learning, but more importantly, understanding the basic principles of habitat/wildlife management will make our jobs easier.

Also, understanding the environment we are in can help us in becoming better golf course managers. We can look at things holistically and manage systems as a whole, instead of independently. Nature is a system in which things are always in relative balance and changing one thing may cause harm elsewhere if proper care is not taken.

Spread the good word

If the general public was asked what they thought about golf courses, the majority would define them as resource hogs and heavy chemical users. We need to encourage communication of the positive aspects of golf courses, such as providing wildlife habitat, as well as serving as water treatment systems that can not only catch runoff, but also reduce the amount of pollutants that reach groundwater sources. We

need to spread this message.

Be accessible to the community. Many non-golfers have valid concerns about golf courses and how they are managed. Educate and explain to people what you are doing and why you are doing it. Do things the right way, especially when no one is watching. Also, handle criticism effectively and take advice with an open mind.

Most importantly, share your information with your peers whether success or failure. Your local GCSAA chapter can be a great outlet for this. We are all in this together.

Every little bit counts

In today's rebuilding economy, it's difficult to justify improvements towards sustainability. Budgets are being slashed and golfers are still expecting comparable or even improved playing conditions. This seems impossible, but with the right action plan the mission can be accomplished.

Prioritizing is important. Choosing areas for improvement need to be thought out, justified and hopefully cost effective. Projects can be as small as installing compact fluorescent lamps at your facility or as large as an irrigation system overhaul.

There are also federal and state funds available for habitat/wildlife management, especially if there is a species of concern at your facility. These funds are highly sought after but may be a way to move towards sustainability with spending little or no funds.

We owe it to ourselves and to the future of golf to do our very best to ensure the long-term vitality of the game.

Seril Shimizu, M.S., is assistant golf course superintendent at Makalei Golf Club, Kailua-Kona, Hawaii.