Zimmermann: "Sustainability to us meant a 'light touch' on the land. How could we use what existed and make it better?"

GCI and golf architects Todd Schoeder and Jeff Zimmermann, with the Denver-based Design Workshop, had a chance to discuss the Lodestone Golf Course and why the project has been so good for the golf industry.

GCI: The golf course property had been previously harvested for timber and the landscape pallet that you were given was void of mature vegetation. Many of the wetlands and streams were contaminated and fractured from the timber operations. Did Maryland fully support the project, given the opportunity to improve a degraded site, or were there obstacles and challenges with the approval of the golf course?

Design Workshop: Actually, yes, the State of Maryland and the Maryland Department of the Environment completely supported the project. We had worked with them on the renovation of the Wisp Resort Course and they saw how willing we were to work together and develop practices that benefited the environment and people. There were many agencies involved with the Lodestone permitting process and we met several times over a two-year period to collaborate and identify how we could transform the site and provide a functioning ecosystem again. In essence, the property and land has been sustainable. It once served the purpose of timber-harvesting and now we have transformed the property into a beautiful landscape that will provide benefit and enjoyment for people and the environment into the foreseeable future.

The Lodestone golf course has won many awards and been given many accolades since it has opened. The design of the course proved to be so beneficial that the Maryland Department of Environment set the sustainability metrics of Lodestone as the new standard for golf course development in the state. What did sustainability mean to you in this project and what practices did you use in building the golf course that motivated the MDE to set new standards for golf course development in Maryland?

Sustainability to us meant a "light touch" on the land. How could we use what existed and make it better? How could we develop a sustainable landscape

Design Works architects envisioned a landscape that was not only beautiful and viable as a course but sustainable.

ecosystem that could be incorporated into the golf course? Those were the questions we had to answer. The property sits adjacent to two to three major watersheds that feed to creeks or directly into Deep Creek Lake. We had an extensive and sediment erosion control system in place during construction. This system, believe it or not, is also the permanent erosion sediment control system. Most of the fairways are pitched to one edge of the hole. All drainage runoff is collected into natural drainage basins that were constructed along the perimeter of the golf course. The run-off flows though a daisy-like chain of swales, bio-filters and naturalized areas before it is released back into the environment. This extensive system, both pre- and post-construction, is what the state has adopted.

Being a golf course architect, I know that site-specific challenges can sometimes lead to golf holes where the playability or aesthetics are compromised. What was the most challenging aspect of building the golf course given the degraded site that you had to work with? Did these challenges compromise the course or improve it?

The most challenging aspect was dealing with a semi-mountainous site that was treeless. There were trees but it was scrub, nothing significant or worthy of inclusion in the elements of the course architecture. So, instead of carving the golf holes through stately forests and framing the holes with beautiful mature vegetation, we had to find other ways to make the holes dramatic. Given the lack of trees we were able to discover these dramatic rock outcroppings and panoramic vistas of the Deep Creek Lake valley. In many instances the trees may have limited the viewing or use of these landscape elements. We were able to maximize them. The lack of mature trees also allowed us to create wide golf hole corridors. The width is great for playability and it also gave us the space to build the erosion and water quality control basins along the perimeter of the holes.

From a sustainability perspective it appears that the golf course is used for more than just playing golf. What other uses does the golf course support and how did you incorporate these uses into the design?

There are nature hiking trails throughout the course and the course is also used for cross-country skiing during the winter months. But the neatest non-golf use of the property is the wildlife corridors that meander throughout the course. We were required to create "connectivity" across the entire golf course for all kinds of flora and fauna. The permitting agencies wanted the flora and fauna to be able to cross and connect through the golf course unimpeded. Wildlife corridors existed prior to the timber-harvesting operations but were fractured and broken during the clearing of the property. We restored many of these areas and some of them came back on their own once we restored the hydrology. The cool thing about the wildlife corridors is that they are always open during play.

The golf course has been open for a few years now. Are there any ongoing course maintenance challenges given the site's former use and how badly the property was degraded?

There really aren't any ongoing problems or maintenance challenges. The property was in bad shape when we started. Two years later it is thriving and beautiful. The state has ongoing water quality testing measures in place. The erosion and sediment control measures are working great. The wildlife corridors are functioning and there is an abundance of diverse flora and fauna throughout the property. We believe that the success of all of this is in direct correlation to the collaborative process that we took during the development phase of the project. We worked together and developed systems and practices that benefited the environment and allowed our client to succeed. It is a balance, and both need to be cared for. **GCI**

Chris Wilczynski, ASGCA, is the principal of C.W. Golf Architecture, and a frequent GCI contributor.

Henry DeLozier, a principal in the Global Golf Advisors consultancy. DeLozier joined Global Golf Advisors in 2008 after nine years as the vice president of golf of Pulte Homes. He is a past president of the National Golf Course Owners Association's board of directors and serves on the PGA of America's Employers Advisory Council.

2012: HEDGE YOUR BETS

As many in the golf industry head to Las Vegas this month for the Golf Industry Show, it's probably wise to recall the words of real estate developer, hotelier and gaming magnate Steve Wynn, who advises: "If you want to make money in a casino, own one." Similarly, in a fragile economy that teeters between promise and despair, golf facilities would be wise in 2012 to hedge their bets: equal money on revenue and expense management.

Prioritize and focus on revenue growth by following these suggestions:

Personalize revenue-building programs. Revenues are growing where facilities are personalizing programs for dues, access fees and services so customers and members feel recognized and valued. The success of customized club-fitting, special-order apparel and one-on-one instruction programs is proof this strategy works.

Focus on revenues that directly influence the bottom-line. Revenues attached to dues and access fees (such as green fees and range use) contribute more to the bottom line than revenues derived from retail merchandise and food and beverage, whose imputed costs of sales lessen the profit contribution.

Reward loyalty with the greatest benefits. Any number of affinity programs has taught us that loyalty points and preferred access influence consumers' choices. They also make sense for the business owner or operator since loyalty rewards and recognition are less costly than up-front discounts. If you're willing to discount rounds 25 percent, why not reward your best customers with that same discount after 10 rounds instead of advertising 25 percent off a player's first round.

Invite them back for more. Thank every golfer for his and her patronage and invite every player to come back and play your course again. Spend a few hours a week alongside the 18th green doing that, and watch retention go up.

Expense management will be tougher in 2012 because of the inflationary impact on petroleum products and overhead items. Here are several tactics that will help contain costs:

Ask for freight-free delivery. When negotiating 2012 purchases, look for opportunities to eliminate freight charges by combining purchases and reducing the number of deliveries. Bulk buying also can lower costs if there's adequate storage space, and you're certain the entire purchase will be used before it spoils or otherwise loses value. When applying this strategy, calculate the bulk price value against the cost of deploying precious capital ahead of need.

Emphasize loyalty in procurement. Be bold in asking for increased value and reciprocate by purchasing from vendors that provide the best and most reliable goods and services. The best customers – those who are consistent, informed and dependable – receive the best deals.

Identify offsets against expense growth. Insurance premiums are up 18 to 20 percent over 2011's. Evaluate deductibles, co-pays and other savings opportunities. Make the club a safe place to work and encourage healthy living for staff. Carefully monitor on-the-job injuries. Ask your insurance agent or broker for a safety audit to identify potential risk factors, and take action to mitigate risk in order to reduce insurance costs.

Evaluate business risk. Secure all books and records. If the club allows online payments through direct payments or credit cards, double-check that the online connectivity and information processing capabilities are secure. Make sure you've renewed all permits – water-taking and pesticide application permits, for example) and licenses (such as liquor and occupancy-related licenses).

Clear inventories at the end of the season. Convert golf equipment into cash through return privileges negotiated at the time of purchase. Sell down food and supplies to see that the walk-in freezers are clear during the off-season; winnow down beer and liquor inventories as the season comes to a close. The stacks of retail inventory, frozen food and drams are simply cash that will collect dust through the slow season. Drain fuel storage tanks at the end of the season.

Insurance premiums are up 18 to 20 percent over 2011's. Evaluate deductibles, co-pays and other savings opportunities.

Calculate the price of preventative maintenance. Know how much you're paying for anything that runs on a motor and your mechanical systems such as HVAC and walk-in refrigeration. Compare that cost to the price to react to a potential breakdown. Hoping to make it through the 2012 season without problems is like whistling through the graveyard. You could get lucky and avoid a major scare, but knowing that you're protected is more prudent – and it helps you sleep at night.

There is every sign that 2012 will challenge club leaders. The challenges may be different – more subtle and less urgent than we have seen in recent years – but they still will reveal those who are unprepared. Prior planning prevents poor performance. **GCI**

How do you MEASURE UP?

GCI's State of the Industry report gives you an exclusive benchmark for your maintenance operation.

by Bruce Williams

The numbers are in, and the raw data speaks clearly.

When it comes to interpretation of those numbers, I have used a combination of industry knowledge and communication with many in the industry to come up with my comments. While we all wish we had crystal balls that we could count on implicitly, guessing what the future will bring is difficult at best. By evaluating most of the responses of the survey, it was fairly easy to make comments based on those stats. Some of the questions reflected on where we have been and where we are going in the golf industry.

While the statistics may speak for themselves I have been asked to add some commentary to summarize the raw data that was received in the survey. With research of this depth and magnitude one could correlate the data endlessly. Since I don't have that luxury – or editorial space – I'll focus in on some of the research's key topics.

I believe GCI readers will find that there are some interesting trends and certainly the business is changing. I like what I see and believe that this survey helps to make a case for slow and conservative recovery in the golf course maintenance side of the industry.

ARE WE MAKING ANY MONEY?

There is no doubt that we have been in a recession for the last few years. This may be the single largest factor attributing to a decrease in rounds of golf and a negative number of golf course openings. A reasonable barometer of the health of golf would be the trends of profitability. Understand that some golf facilities are not operated with the goal to make a profit when interpreting the statistics.

Overall, around a third of respondents indicated that their facilities made money last year, another third indicated that they broke even and a third indicated they lost money last year. I do believe that there is light at the end of the tunnel and brighter days lie ahead for the golf industry. More than half of golf facilities either broke even or made a profit. Of those that lost money, it is hard to tell if they were supported by assessments or possibly that they were facilities that use the golf course as a marketing tool for a real estate development. Seeing the number of golf courses for sale I would think that more than a few are upside down at this point but things are improving.

This survey may not show how we got there and what we plan for the future but some of the questions reflected on facilities becoming more economically viable in the next few years. I truly believe there is optimism out there for a number of reasons. Golf facilities have reacted to the lower income by adjusting their expense side of the budget. This has directly affected many golf course maintenance budgets. Superintendents have stepped up to the plate as a part of the solution rather than being a part of the problem. Innovative maintenance methods have been implemented at many facilities allowing superintendents to make adjustments to the "new economic norm." Couple this with aggressive marketing for players and membership and the feeling is very optimistic.

The survey indicated more than half of the respondents felt that their facilities would be more economically viable three years from now. The most common response as to the optimism was a combination of the overall improving U.S. economy and budget adjustments to the current economic climate.

It is my hope that with bud-

Budgets

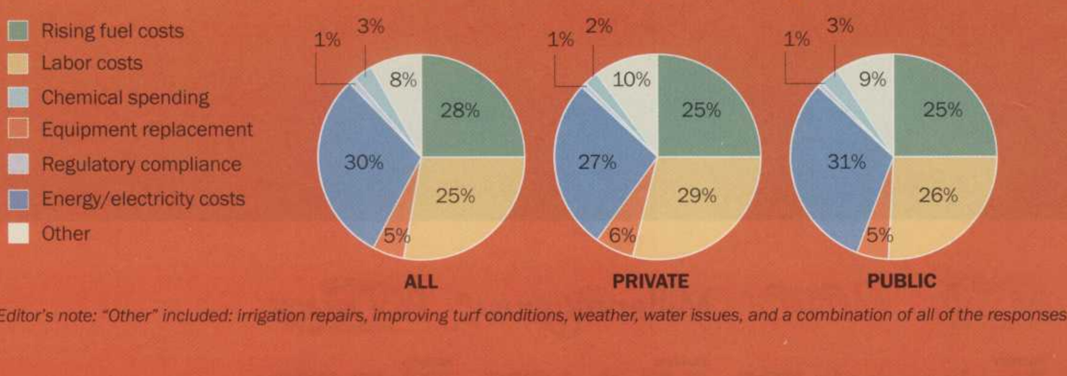
Excluding water costs, what is your non-capital operations budget, including labor and overhead?

18-HOLE FACILITIES			18-PLUS HOLE FACILITIES		
PUBLIC	PRIVATE	ALL	PUBLIC	PRIVATE	ALL
$458,071	$848,961	$651,392	$1,173,164	$1,752,183	$1,387,918

	18-HOLE FACILITIES			18-PLUS HOLE FACILITIES		
LINE ITEM	PUBLIC	PRIVATE	ALL	PUBLIC	PRIVATE	ALL
Water	$12,484	$20,390	$16,499	$27,387	$50,884	$36,258
Fuel	$22,260	$33,876	$28,174	$40,161	$59,295	$47,401
Mowing/cultivating equipment	$25,335	$50,649	$37,644	$70,484	$105,303	$82,464
Handheld equipment	$1,702	$4,419	$3,066	$3,187	$6,331	$4,345
Course accessories	$3,804	$5,294	$4,561	$5,182	$8,963	$6,550
Electricity and natural gas	$17,990	$20,088	$19,046	$35,238	$46,537	$39,357
Shop tools	$1,878	$3,284	$2,568	$3,482	$7,922	$4,962
Irrigation parts, heads and maintenance	$5,948	$9,876	$7,918	$12,904	$16,941	$14,409
Fungicides	$22,163	$44,476	$33,461	$40,821	$58,461	$47,251
Herbicides – Preemergent	$5,109	$7,603	$6,369	$11,854	$22,308	$15,787
Herbicides – Postemergent	$3,613	$4,144	$3,869	$5,221	$10,577	$7,269
Insecticides	$3,694	$6,570	$5,141	$8,128	$14,883	$10,645
Granular fertilizers	$15,203	$20,244	$17,723	$31,472	$48,368	$37,587
Liquid fertilizers/biostimulants/foliars	$7,315	$13,088	$10,231	$12,903	$20,635	$15,736
Wetting agents	$3,129	$5,669	$4,399	$6,113	$7,854	$6,764
Plant Growth Regulators (PGRs)	$4,309	$5,982	$5,151	$5,122	$12,905	$8,140
Seed	$4,127	$5,138	$4,620	$10,639	$10,637	$10,638
Aquatic weed control/water quality issues	$1,635	$2,145	$1,890	$2,754	$4,385	$3,370

If you've reduced your budget in the last 3 years, what have been the cost-cutting measures?

What was your greatest 2012 budget challenge?



Editor's note: "Other" included: irrigation repairs, improving turf conditions, weather, water issues, and a combination of all of the responses.

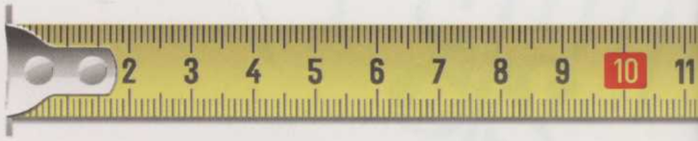
get reductions at so many golf courses, the golfers understand that budgets cuts will surely have an impact on maintenance standards at any facility. It would be prudent to align maintenance standards and golfer expectations with budget adjustments that have been made to keep the clubs in the black.

BUDGET. Several questions dealt with budgets and labor at the golf facilities. In most cases, the labor component of the golf course maintenance budget is the largest line item. It takes people to maintain a golf course.

Considering we have been in a recession, it is very positive that around a third of our golf courses saw an increase in budgets. If we combine those that had a flat budget then we saw almost two thirds of respondents had a flat or increasing budget versus budget decreases. While it may not be at all facilities, I do believe we may have hit the bottom and are on our way back up on a conservative trend.

Reductions in labor have helped to lean budgets. More than half of those surveyed have reduced full-time labor and nearly three-quarters have reduced their seasonal labor. While this survey does not indicate it, my travels have also shown me that various adjustments in the number of full-time versus part-time employees and scheduling for optimal productivity have been influential in operating in a much leaner manner.

Half of the respondents indicated that they deferred capital expenditures. This may be a reflection on the profitability of the facilities and also a reduction



METHODOLOGY

During the first quarter of 2012, Golf Course Industry created a State of the Industry survey, administered online via SurveyMonkey, to gauge the overall fiscal condition of the turf maintenance side of the industry, to benchmark superintendents' budgets and spending trends and to chart other industry-wide tendencies as they relate to the business of golf course maintenance.

GCI had 750 superintendents from around the U.S. take the survey. As an added incentive to complete the survey, GCI committed to make a substantial donation to the Wee One Foundation, a charity group started in memory of Wayne Otto, CGCS, that helps superintendents and other turf professionals in need. GCI is donating $1,000 to Wee One for every 300 completed surveys it received.

Lastly, in addition to periodic email reminders to take the survey, GCI provided access to the State of the Industry questionnaire via a concentrated social media campaign that involved not only the GCI website and weekly enewsletter, but also Facebook and Twitter.

For the purpose of this report, when analyzing the data GCI editors broke down the findings between all facilities, public facilities and private facilities. When appropriate – for example, when reporting on budgeting trends – the data was broken down further between 18-hole facilities and 18-plus-hole facilities to provide a more accurate and comprehensive financial picture.