

by Rob Thomas

SEEDLESS

Turf seed shortages are a real problem for the golf industry. Economic factors reduce choices and limit your ability to get what you need this season.

While the world is often fueled by the laws of supply and demand, the ever-present need for quality turf seed in the golf industry seems to outweigh what's readily available.

Worse, there may not be a quick end or an easy solution in sight.

Is the golf industry facing a seed drought? It all depends on how you define "drought," says Bruce Jump, product and training manager of turf seed and athletic products at Winfield Solutions.

"If you mean will the industry be facing a shortage of certain varieties/species of seed, the answer is certainly 'yes,'" Jump says. "Specifically, high-quality perennial ryegrasses will be challenging to find in 2014, as well as high-quality fine fescues with hard and chewings fescue especially difficult to find."

Tall Fescue is in better shape, he adds, but the newest varieties will have inventory and availability challenges. Conversely, higher-quality varieties of Kentucky Bluegrass are good from an availability standpoint, but prices are firming and should continue to firm up with new crops late this summer.

"In general, we are in much better shape than 2013," Jump says. "Although specific varieties may have short supply."

MARKET DRIVEN

The current scenario is less of a drought, and more a focus shift by turf seed growers.

"After the housing crash, demand went from artificially high – driven by lots of home building, fueled by cheap money and bad loans – and there was an oversupply of seed, and resulting low prices," says Murray Wingate, turfgrass marketing and sales manager at Lebanon Turf Products. "We may be now finding a 'new normal' for overall seed demand."

The seed market's fickle dynamics play a large role in availability, as well. Unlike grain commodities such as corn, soybeans and wheat that are traded on open exchanges, Jump says turf seed production and pricing is more opportunistic.

"Growers of turf seed have choices and options," Jump says. "For a grower, turf seed production can very easily be converted to other crops like wheat, vegetable and flower seed production, other small grains, and so on. Turf seed growers use these crops in a rotation as part of their regular crop-management plans. A grower's decision to produce a crop is therefore based on the opportunity or spread between the cost and return on investment of producing an acre of one crop or another."

Take wheat as an example. When wheat

was trading for \$2/BU, the return on investment (ROI) spread between an acre of wheat and an acre of turf seed was in favor of turf seed and many growers chose to plant turf seed. Today, however, wheat prices are well above \$6/BU. When a grower can sell wheat at that price, the ROI for an acre of wheat becomes very attractive compared to turf seed.

"What makes this situation difficult is many growers sell future contracts, locking them into wheat and other crop positions for up to 12 months," Jump says. "If/when wheat prices begin to decline, there will be a lag time before turf seed acre production begins to rise in response."

Because fewer acres are being dedicated to turf seed, growers are in the enviable position to negotiate favorable deals – driving up the price of turf seed.

"After the housing collapse of 2008, demand dropped 50-70 percent over night for all turf grass species, the result being the [seed] trade was

caught with a crop in the barn and another one in the ground coming our way," says Jacklin, production manager at J.R. Simplot Co. – Jacklin Seed Division. "Acres of production were throttled back in 2009-10 as fast as was realistically possible. As the trade worked through the inventories and began to get supply in line with consumption, new plantings were difficult to find as growers had switched to other crops during the down turn. Those other competing crops have held their value, resulting in profitable alternatives for growers, making it difficult to compete and get new acres."

Government regulations on fuel – specifically alternative fuels – has also played a large role in the turf seed dilemma. Ethanol, and the federal government requirement that a certain percentage of fuel contain ethanol, has significantly impacted turf seed production, in an indirect fashion.

"Since corn is the preferred ethanol crop, its price has risen, thus moving farmers and ranchers to use more wheat

for feeding," says Kevin Morris, executive director of the National Turfgrass Evaluation Program. "Wheat is a crop that can be grown very well in the Pacific Northwest and with prices high, more farmers are opting to grow wheat, an annual crop, over grass seed, which is a perennial crop that has a minimum of three crop years in the field requested by seed companies. Having the crop in for three or more years limits the flexibility of a farmer, hence it makes grass seed less attractive compared to wheat if wheat prices are high."

STICKER SHOCK

Because of light production out of the 2013 crop, seed prices, in general, are higher than they were last year, and Wingate expects them to stay about the same, or increase slightly on some species – like perennial ryegrass.

Perennial ryegrass prices are the highest Jump has ever seen.

"Selling prices have increased over 40 percent since 2009," he says. "Pricing for 2014 is increasing and will

probably increase until new crops in August. Yields, along with demand at that time, will help determine pricing."

Hard and chewings fescue pricing will continue to be high to higher with limited availability, Jump says. "Bentgrass pricing will continue to be strong," he says. "Tall fescues and Kentucky Bluegrass – especially elite varieties – are currently somewhat stable, but could firm and get stronger as inventories begin to run low in spring."

Morris believes the seed industry is adapting and there's a turnaround to low seed production coming.

"It may mean producing seed in new areas or more seed acres in other existing production areas like Minnesota," he says. "However, if there is demand, the seed industry will figure a way to supply that demand. There is a significant amount of seed produced in other countries – Europe (Denmark) and other places like New Zealand – however, they generally cannot produce the quality of product we need, or the quantity."

Blame Nutella

Filberts – or hazelnuts – is another crop starting to impact turf seed production, says Kevin Morris, executive director of the National Turfgrass Evaluation Program.

"With the popularity of Nutella, a popular hazelnut/chocolate spread, the demand for hazelnuts is increasing," Morris says. "Hazelnuts are also a great source of protein in the developing world. However, there simply are not enough hazelnuts trees worldwide, therefore farmers are looking to plant them, which take several years to develop and harvest. Obviously, these trees take away from grass seed acres, especially since the trees will be in place for many years."

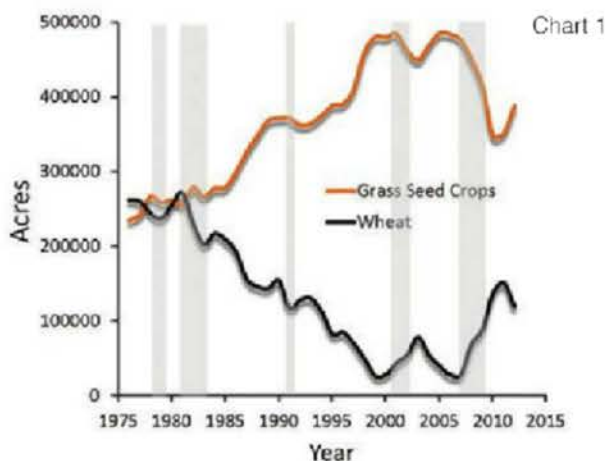
The filbert phenomenon struck Murray Wingate, turfgrass marketing and sales manager at Lebanon Turf Products, on a recent trip.

"I was in Oregon a couple weeks ago and was amazed at how many new hazelnut acres have been planted on prime grass seed growing acres," Wingate says. "This essentially takes those acres out of seed production for 30-50 years."



MIGHTY

TURF PROTECTION



Jump looks to Oregon's Willamette Valley – the world's largest production area for cool-season turf seed species – for a possible industry forecast.

"The number of production acres are not unlimited," he said. "There will always be competition for acres. Also, higher-quality production acres tend to be in the central and northern part of the valley where bents, perennial ryegrasses and tall fescues are located. In the southern valley, more annual ryegrass is produced ... meaning all production acres are not equal."

Jump circles back to growers having a choice to plant other crops. What will they choose and why? Citing a report from Oregon State University, Jump points out that wheat and grass acres mirror each other (see Chart 1).

"Turf seed acres decline during periods of recession – housing/construction demand falls; grass seed prices fall; wheat is the crop of choice," he says. "As the economy recovers and building continues to improve, grass seed acres are expected to recover. Look at the 1980s and 1990s ... excellent years

for turf seed production."

Like Morris, Jump isn't keen on European turf seed as a substitute, specifically perennial ryegrass, which tends to be lighter in genetic color and has different disease traits than its American counterpart.

"There will always be seed available to support the industry," Jump says. "What may not be available – or be short in supply – is high-quality seed, along with high-quality varieties. Anytime there is a shortage, available quality begins to decline. Buyers take the high-purity, *Poa* free, certified seed first. Then the substitutions begin. Uncertified for certified. A 'trace of *Poa*' for *Poa* free. And so on.

Morris adds he's not seeing this in the perennial ryegrass market. "I'm buying all the elite varieties, certified, *Poa* free perennial ryegrass I can get my hands on. It is not easy as suppliers and inventories are extremely tight," he says.

If all goes according to plan, Jacklin believes supplies will be much improved by summer. "We are in good shape coming into spring 2014 ... the crops in most of the production areas went



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Consolidation

Given the flux in the turf seed industry, consolidation of companies has been an ongoing process – and not always to the betterment of the whole. Whether looking to access new clients and geographies, or to share technology and finances, bigger isn't always better.

Murray Wingate, turfgrass marketing and sales manager at Lebanon Turf Products, has seen the bad side of this business model.

"The seed industry went through a major consolidation in the early 2000s when Agri Biotech rolled up 35 companies and then went bankrupt," Wingate says. "That really hurt the industry for several years."

Bruce Jump isn't ready to make assumptions based upon recent activity.

"Scotts exited the professional business a couple of years ago, selling most of their inventory and varieties to other seed companies," says Jump, product and training manager of turf seed and athletic products at Winfield Solutions. "We just saw the DLF acquisition of Pickseed/Seed Research of Oregon deal this past summer. It's hard to tell if this will continue or if this is even a trend."

"Seed companies must find valid reasons to acquire like: buying companies with under-performing assets, getting better negotiating power with turf seed producers, access to new geographies or customers, or acquiring new technologies like proprietary varieties with unique traits," he adds. "Although individual cases could be made for acquisition, I'm not sure if enough of those factors are present in the current state of our industry to see any kind of major consolidation in the next year or two like we saw back in the late 1990s."

Overall, the seed industry is difficult to consolidate.

"Since the seed industry is a business based on contacts, personal relationships, etc., it is fairly common for a few employees to leave one of the larger companies and start a new company," says Kevin Morris, executive director of the National Turfgrass Evaluation Program. "I don't see that changing anytime soon."

in to the winter in good shape and appear to be coming out of winter in good shape," he says. "We experienced some winter damage to baby fields, but for the most part, we are set up for good crops to come off in 2014. That can all change in 90 days if we miss out on rains or have poor pollination conditions, but at the time ... things look fine."

The next five months will be tight, though, but new crops will begin to hit the shelf by mid-July to early August, Jacklin says. "If crop predictions are accurate and yields come off normal, this fall we will be in good shape to meet the consumption." GCI

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Henry DeLozier is a principal in the Global Golf Advisors consultancy. DeLozier joined Global Golf Advisors in 2008 after nine years as the vice president of golf for 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.

ZEITGEBER

Signals that guide marketing, membership and promotional programs

zeit•ge•ber (TSYT-ge-buhr) **n.** An environmental cue, such as light, that helps to regulate the biological clock in organisms to keep them functioning on a regular schedule.

Zeitgebers are nature's alarm clocks. For humans, the schedule of the work or school day and regular mealtimes, are zeitgebers. Superintendents, owners and operators recognize zeitgebers in the form of warmer soil temperatures and spring rains, which stimulate new root growth and signal the return of their customers.

But there are other zeitgebers you should heed, particularly weather and consumer confidence, which are impactful influences on golf participation and overall facility success. The first step in dealing with these zeitgebers is to understand them.

No factor influences the volume and frequency of rounds more than weather. Every owner and operator should understand weather patterns and take them into account for budgeting, planning the deployment of resources and, ultimately, cash flow.

In a business like golf, where success often straddles a fine line that divides good and bad decisions, knowing whether the forecast is for warm and dry or cool and wet is essential for effective planning. Whether you rely on the old-school Farmers' Almanac or current state-of-the-art capabilities provided by companies such as WeatherBug, owners and operators today have easy access to highly reliable weather trends to aid their business planning.

If all signs point to a wetter-than-normal season, you should be more aggressive in capturing and retaining golfers. Seasonal programs that reward frequency and customer loyalty should take priority in a rainy season, when every good day must be maxi-

mized. On the other hand, if the long-range forecast is for great weather, with an abundance of playable hours, you want to make sure your operation is running at peak efficiency so you maximize tee times. That means examining your pace-of-play guidelines and making sure your pricing reflects the anticipated demand.

“As sure as daffodils and dandelions are poking their heads above ground in many parts of the country, business signals are also there for the eye to see.”

Consumer confidence is another zeitgeber to heed. The Conference Board – a highly reliable reference point for consumer confidence – highlights three primary influences on consumer confidence: unemployment, housing and access to capital. Course operators should pay attention to all three.

- Unemployment rates are trending downward in many (but not all) markets. This zeitgeber signals participation levels and what should be expected when pricing the services of the club or course. Every club should have a current understanding and up-to-date market knowledge of employment in its area. Levels of education achieved, annual household income and other census-driven metrics also signal favorable market conditions.

- The housing economy directly impacts the stability and growth of most major metro markets. Housing influences the flow of families into a community, which in turn, affects membership at many golf facili-

ties. This flow of new families and school-age children is the lifeblood of demand for most courses. In addition, the housing sector – and the thousands of jobs that go along with it – improves employment statistics and the willingness to spend on discretionary items such as rounds of golf and memberships.

Home sales historically are at their highest in the spring and early summer. So that's the time for courses to be aggressive in capturing members and conducting family-oriented programs. Home sales slow around Labor Day as families want to be settled before the start of the school year.

- Access to capital and the ability for prospective homeowners to qualify for bank-finance mortgages also affects the health of clubs and facilities. Debt that supports and increases homeowner occupancy is currently constrained. New policy at the Federal Housing Administration makes it difficult to qualify for a home mortgage. Golf owners and operators can benefit from monitoring this indicator of consumer confidence. This factor influences lifestyle choices for golfers and prospective members at middle-market clubs.

As sure as daffodils are poking their heads above ground, business signals are also there to see. Pay attention and take action. **GCI**



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{fig. w-42}
Digitaria sanguinalis



{fig. w-76}
Eleusine indica



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THE BIG MELT

Winter's record cold, snow and ice are behind us. Now it's time to get your turf into shape.

by Steve Trusty

What kind of a winter did you have? Are you in an area that received record cold? How long was your course covered with snow and/or ice? How is the turf going to respond as the weather warms up? Is disease pressure going to be higher than usual? We asked people around the country these and related questions. The nearly universal answer was, "It depends." When asked what superintendents should be doing to prevent potential problems, the most common paraphrased responses were, "Don't rush things." "Be patient." "Don't pay attention to the calendar, watch the weather, soil temperatures and how your turf is responding. Then act accordingly."

Snow mold is probably the first thing that comes to mind for those areas that experienced excessive snow cover. Jim Skorulski, senior agronomist with the USGA office in Massachusetts,

says, "We are anticipating heavier than usual snow mold pressure due to the persistent snow cover this winter." Massachusetts was one of the northeastern states that still had most of the ground covered with snow on the first full day of spring.

Darin Bevard, director, Mid-Atlantic Green Section, USGA from the Pennsylvania office, says, "Overall, what we have seen has been positive. Disease pressure has primarily been from pink snow mold (*Microdochium nivale*) with a little gray snow mold (*Typhula incarnate* and *T. ishikariensis*) here and there." Dr. Lee Miller, extension turfgrass pathologist, University of Missouri, reported finding pink snow mold in central Missouri on March 14 after a big snowmelt.

Dr. Joe Vargas, professor of botany and plant pathology at Michigan State University, is more concerned about the potential damage from the ice cover. Greens in parts of Michigan were

covered with ice for over 60 days. While snow provides a blanket that protects the turf from desiccation, ice smothers the turf. Toxic gases build up under the ice and suffocate the crown. Vargas says, "Another problem that occurs is when the ice and snow melts and then refreezes. The crowns are crushed by the formation of the ice." Vargas also says, "The longer the ice and snow holds on, the less time there is for the grass to rejuvenate before people want to play on it."

Desiccation is another problem that superintendents may have to deal with this spring. Desiccation occurs when the amount of water lost by foliage exceeds that picked up by the roots. Miller says, "During

a cold winter, uptake of water by turfgrass roots is minimal due to dormancy, yet high wind and low dew points can continue to suck water out of the foliage." He reports, "We had sustained periods of both in Missouri this past January and we may be seeing damage from that time frame when insulating snow cover was not present."

Dan Maddox, superintendent at Oak Hills Country Club in Omaha, Neb., which had practically no snow cover most of the winter, reports his biggest concern is desiccation and the onset of warm weather too quickly.

"Because the winter was so open and we had record cold, I am finding frost much deeper than usual and it is hanging

on later," Maddox says. "It is going to be a while before I can charge my irrigation system, but the turf could use some water."

What should you do? Patience and observation were the common suggestions by respondents to our questions. A University of Nebraska newsletter published on February 14 had several suggestions for assessing winterkill. The key suggestion was to bring grass samples inside and force them to green-up. This gives the superintendent a much better idea of what to expect when the turf in the field warms up. The more time you have to prepare, the better chance you have of making sound decisions.

Maddox says he followed these recommendations. "I was pleasantly surprised in



Pink snow mold is probably the most common disease present after a winter of snow or ice cover. Depending on overall turf health and weather forecasts, fungicide applications may or may not be warranted.

DISEASE MANAGEMENT

some areas, the grass is greening up fine," he says. "In other areas, I know the turf didn't survive and I can map out my re-grassing program."

Vargas expects some of the greens in Michigan that were covered with ice for extended periods will have to be resodded. Bringing samples in for testing will confirm or refute that necessity.

Bevard says patience is the key element in helping the recuperating process. "We cannot make the grass grow if we don't have proper environmental conditions," he says.

The process is dependent on weather conditions, Skorulski

says. It requires warmer temperatures to dry things out and warm up the soils.

"I recommend charging the irrigation systems as soon as possible," Skorulski says. "I expect the turf to be weak so it will be vulnerable to desiccation." UMass Turf Extension recommends raking to relieve matted turf after the stand dries to speed recovery. They go on to state overseeding may be warranted in severe instances.

Patience is also a key offered by Carmen Magro, CGCS, MBA, professional agronomist and vice president, business development for Stevens Water Monitoring Services.

"Once it [the grass] gets



Pink snow mold under the microscope.

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