

How to Secure A Lease on Municipal Property for A Golf Course

By CECIL B. HOLLINGSWORTH

Editor's Note: Demands for new courses throughout the country have made it imperative that private promoters as well as officers of municipalities be familiar with the details involved in the securing and granting of municipal leases for golf courses. In a speech at a recent recreation conference in Southern California, Hollingsworth outlined the many factors involved in the application for such leases from the standpoint of both applicant and municipal representative.

1. Survey: Survey the community for its needs for golf courses; existing courses, population, business and professional income, success of club activities, participation in sports activities, sampling of interest in golf among clubs, business organizations and selected individuals from other classifications, etc.

2. Survey the community for available properties; municipal park properties, military, naval and marine holdings, public domain, tax delinquent, flood control, airport and like properties; locate the most desirable of these for development.

3. Lay out your proposed golf course and draw it up to scale. Lay out proposed clubhouse, including golf shop, locker rooms, grill, lounge, etc., with architect's sketch of the building. Lay out the proposed water system complete. Lay out parking facilities. Lay out practice range, putting and chipping greens.

4. Prepare a Brochure: Prepare a brochure presenting needs of the community for adult recreation and golf courses, number of people who can be accommodated annually on a golf course, advantages to the community in business, in health, in recreation, in prestige, in supporting the American tradition of private enterprise.

Present plans for development of properties.

Operators' Qualifications

Present full statement of operators' qualifications to execute the project to successful completion.

Present all operational phases of the project showing alignment of objectives, motives, interests, incentives, attitudes and efficiency of operation under private enterprise.

Present an outline of the municipal operational code and philosophy of recreational service.

Present an outline of the code of private enterprise and your philosophy of recreational service; compare these with municipal operations where civil service employees serve all.

Present a document implementing these principles to be included in the lease agreement. Secure a lawyer to draw up a proposed lease assuring alignment of interests, incentives, objectives and enabling agreements for efficient operation.

Present all of these to the Director of

C. B. (Cece) Hollingsworth has been associated with golf in Southern California since the sand green era of the early '20s. He worked his way through college doing course construction work for the late Billy Bell, the architect. He was graduated from UCLA in 1925 and stayed on as supervisor of physical education, a position he has held since 1926. He was UCLA's first coach and has scouted for the Bruins 20 of the 25 years he has been at the university. In 1944 he formed a partnership with Gomer Sims and they purchased Meadowlark CC, which they still operate near Sunset Beach. In 1948 Hollingsworth took a leave from the university and with a group of associates, leased 185 acres of county land and built two golf courses, one a 3-par, which is operated as Alondra Park CC. In 1955 he and his associates bought acreage in San Diego county near El Cajon and opened the Singing Hills Golf course, soon to be a 36-hole layout complete with clubhouse and driving range.

Parks and Recreation, the councilman in whose district the project lies, the county supervisor or the chief of the agency under whose jurisdiction the property is assigned.

5. Prepare a Prospectus: Prepare a prospectus pointing out in detail:

Proposed cost of the project on an itemized listing; of rough contouring; finishing, pipe and water system, seed, soil amendments, imported soil, fertilizers, etc., and clubhouse.

Proposed schedule of outlay of capital.
Proposed time schedule for construction to opening.

Method of Financing

Outline method of financing; individual ownership, partnership, close corporation, open subscription.

Be sure to have adequate financing for emergencies.

Estimate income by day, week, month and year.

Estimate profit before taxes, after taxes, net to operator. Estimate total income to governmental units; city, county, state, federal, including taxes and lease.

Compare this income with municipal operation minus tax contribution to federal agency, state agency and incidentals such as leasehold interest taxes.

A rough sketch of an existing facility:

Capital outlay, \$250,000.00
Profit before taxes, \$60,000.00 for year
Corporation tax, \$30,000.00
Net profit, \$30,000.00

Recreation service and government income at no expense to the taxpayer for capital outlay, use of municipal funds or other expenses:

Number of people served per year: at 200 on week days; 300 on Saturdays, Sundays, Holidays—

$200 \times 5 = 1000 \times 50 = 50,000$ rounds
 $300 \times 2 = 600 \times 50 = 30,000$ rounds
 $50,000 \times 20$ years. = 1,000,000 rounds
 $30,000 \times 20$ yrs. = 600,000 rounds
Total, 1,600,000 rounds

At 3 hours per round this represents 4,800,000 hours of supervised adult recreation provided at no expense to the municipality.

Actual cash outlay looks like this roughly:

Expense of operation per year \$100,000.
Over period of 20 year lease, \$2,000,000.
Add cost of capital outlay, \$250,000.00
Add cost of interest @ 5% for 20 years, \$250,000.00

Add total of rent and percentage (Cash income), \$384,000.00

Add corporation tax, \$30,000.00 for 20 years, \$600,000.00

Cash outlay by private enterprise for services rendered under the lease of 20 years, \$3,000,000.00

All of this without turning a hand or outlay of a dollar of municipal funds. Secure a conference with the city manager, the councilman, the county supervisor; anyone who has to face the public and answer for the expenditure of municipal

funds and sell it to them. Get your local papers behind your project.

How can they turn down such a good proposition?

Leasing of Municipal Properties to Private Enterprise for Golf Courses

1. All propositions and conditions of the lease agreement shall be to align mutual interest, objectives, incentives and operations of the project for mutual benefit of the municipality and the private enterprise. (The more people playing golf the better the community is served.)

2. All conditions leading to the lease agreement should be based on excellence of service to be rendered.

3. All conditions of penalty should be for mutually detrimental execution of the lease.

4. Permissive arrangements should be made to permit revision, alteration and renegotiation of the lease whenever change occurs altering a situation of mutual benefit.

5. A percentage base for the lease should be negotiated to enable profit sharing, increased incentive, and protection in periods of stress for the worthy operator.

6. The lease should insure adequate installation and quality of materials to remain in operation substantially beyond the term of the lease.

7. The lease should insure proper maintenance and operation of the lease.

8. Standards should be set for construction and specified to assure mutual accord on nature and extent of improvements.

9. Standards should be set for operation and specified to align interest of municipality and private operator assuring mutual accord on policy.

10. The golf course lease should be of sufficient duration to enable long time planning, investment and profit.

11. The golf course lease should be in intervals with option on the part of the operator for renewal.

12. The lease should protect the operator in times of adverse economic conditions, war, or other conditions outside the control of the operator.

13. Base necessities must be assured under the lease for its duration: Supply of water, etc.

14. Extra contractual improvements of mutual benefit should be permitted and the cost should be shared equitably.

15. The lease should secure the invest-

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Municipal Lease

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or in a fair percentage of the invested capital in a period of stress.

16. Payment should begin at the point where estimated profits begin; a minimum payment may be desirable.

17. No payments should become due until income begins; a little extra time at the beginning of the lease costs little and may be a great factor in aligning cooperative interest.

18. Provisions for securing an operator should be based on operational experience, knowledge of the whole of golf course and club management, on character of the lessee; not primarily on price bids.

19. Time may be extended in the lease in place of capital outlay in any reasonable amount.

Pro Has Obligations

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cheap as the few cheap members I've got.

When I reviewed my situation — my members and their attitude toward me and my business, and my own attitude toward them as customers — I recalled something said by an old Scot who gave me my first job as his assistant.

The great, old fellow remarked: "Blame somebody else for what is your own damn fault. It saves you the strain of getting smart."

The way I now look at this matter of members' loyalty in buying from me is to think first about what special things I have done to deserve and develop buying loyalty that makes mine such a good business. I'm emphasizing the importance of this attitude to my assistants.

I am confident that it will mean better business for me and for the club and more enjoyment for the members.

Canadian Open

The Canadian Open Championship, scheduled for July 10-13 at Westmont G & CC, Kitchener-Waterloo, Ont., will be held in conjunction with the centennial celebration of the city of Waterloo and Joseph E. Seagram & Sons, Ltd. Seagram has raised the prize money to \$25,000 to keep the Open in the big tournament class.

Tell Them You Saw the Ad
in GOLFDOM

Lean Over Backwards to Avoid Elimination in Flying Hills Blind Bogey Tournaments

There's a great deal of enthusiasm for the blind bogey tournaments Frank Rodia stages for his members at Flying Hills GC, El Cajon, Calif. It isn't unusual for as many as 400 or 500 clubswingers to get into the events because it's tough to get eliminated, there is a lot of fun involved and Frank makes things even more interesting by offering a substantial supply of clubs, shoes, sweaters, etc., as prizes.



Frank Rodia

The blind bogey usually runs over a period of four weeks. Players pay an entry fee of 50 cents and choose their handicaps so that their net scores will fall between 70 and 80. At the end of each week a number between 70 and 80 is drawn and all players having the same net as the number drawn, qualify for the final playoff. A player may enter the tournament as many times as he wishes, taking a different handicap for each occasion if he cares to, in order to qualify for the playoff.

On playoff day survivors play an 18-hole blind bogey round. On this occasion, handicaps also are chosen before starting time, a number between 70 and 80 is picked out of the hat, and players with nets that match it become finalists. An 18-hole putting contest decides the winner among the finalists. There are plenty of consolation prizes to salve the wounds of those who don't quite reach the final putting phase and, of course, all finalists are handsomely rewarded.

Housekeeping Hints

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Each green has its own border landscaping. Rises about the greens are gentle. The bunkers of yesterday are out of place. The harsh lines of old age have given way to the fine contourings of youth.

This contouring of the shoulders of the greens and traps is the essence of the modern course. It is the golfer's challenge. It directs his play, yet challenges his skill and determination to accept a problem and solve it as adroitly as possible.