

Weather—Taxes—Costs

Golf Business Meeting and Beating Tough Problems

By **HERB GRAFFIS**

AN unusually wet spring in many localities and increased operating costs and taxes have the golf business studying pressing problems and acting to solve them.

The attitude of attacking the problems instead of merely whining and letting nature take its course already is showing profitable results.

Club officials, shocked by the way weather has reduced clubhouse income while the payroll continues high, have seen the situation improved by entertainment committees and managers pepping up clubhouse programs.

As an example, one metropolitan district club had its dinner business ruined by wet nights this spring. Members were getting out of the habit of eating at the club so the club began featuring a potluck dinner on Thursdays. The manager and chef provided an epicurean treat as the only item on the menu and at a bargain price. Wives of members began talking about it being cheaper to eat at the club than to cook at home. Now, there are 150 regulars at Thursday night dinners and, of course, the bar business is good.

Course Maintenance Foresight Pays

Flood damage to numerous courses has added heavily to maintenance costs. Nothing can be done about that. At many

courses new equipment and course alterations to allow more extensive mechanized maintenance have been instrumental in keeping maintenance costs fairly well in line. Foresight of the past few years has paid off.

Superintendents in various sections tell GOLFDOM that the labor supply is larger and of better quality than for some years due to industry laying off men. Although golf clubs haven't been able to meet the hourly rate of pay and benefits such as paid vacations, insurance and pension plans and other attractions of industrial employment, the clubs are presenting good total annual wage propositions, pleasant working conditions and increasing "fringe benefits" to course workers.

The most recent wage agreement covering unionized workers on courses in the San Francisco area gets the maintenance cost pretty close to many members' capacity — or willingness — to pay. With labor cost being from 70 to 80 per cent of the total maintenance expense of the majority of courses and maintenance cost per round at metropolitan district private clubs ranging from \$2.50 to \$12 a round, the financial phase of golf course management now is balanced with the green-thumb technology in determining the capacity of the supt. to handle a big course job.

Golf club taxation is getting more ser-

ious by the minute. In San Mateo County, Calif. (San Francisco), the county assessor has announced an assessment so steep that eight clubs, protesting against the rate as "confiscatory," have organized under the name of the San Mateo G&CC Assn. to fight the assessment.

Two of the City of San Francisco's courses are involved in the increase of county taxes. Sharp Park will have taxes increased under the proposed new rate from \$1,139 to about \$8,000 and Crystal Springs also will have taxes multiplied if the proposed rate goes into effect.

Of the eight private clubs which have united to protect themselves against confiscatory proposed taxation, California GC is in line for a 212 per cent increase in taxes and Peninsula G&CC is slated for a 223 per cent boost to \$10,973.

Dennis Hession, pres., Northern California GA, has been appointed attorney for the San Mateo G&CCA.

No conclusion has been announced concerning the Curtis bill to eliminate the 20 per cent tax on golf club capital improvements. GOLFDOM correspondents have noted several club projects now inactive in the hope that the 20 per cent tax on construction will be repealed. If it isn't the clubs won't build.

Penalize Golf Clubs

Golf clubs have had a rather raw deal on taxation in return for their function as large tax producers and small users of tax-financed community services.

The instant a golf course is built it increases the desirability, value and taxes of adjacent property. The better the job the golf club does in making surrounding property more valuable, the heavier taxes the club must pay.

The club doesn't send kids to school, ask for street and alley construction, cleaning and lighting, doesn't require a heavy investment in sewerage, generally takes care of its own water supply and distribution, requires a minimum of police and fire protection (acreage considered), requires no added equipment for garbage collection and doesn't burden the community with greater transportation and parking problems. It is the community's biggest bargain as a tax-payer.

In Los Angeles County, for a time, tax relief was granted golf clubs (25 per reduction on assessed valuation of land and 50 per cent reduction in valuation of the clubhouse) but that lasted only three years.

Weather, taxes and higher costs all are



Swing Club Citation

Pro Harry Obitz, Shawnee-on-the-Delaware, recently received a special citation from Helen F. Lengfeld, United Voluntary Services, for his work in promoting UVS-Swing Club activities.

among the pros' problems. Rain has reduced pro shop sales and lessons up to this point but not the pro payroll or his investment.

Shelters for pro and pupil at lesson tees have paid out this spring at numerous clubs in the area where rainfall has been steady. There probably will be many lesson shelters constructed in the future for comfort, convenience and privacy in all weather.

Pros expect to put on especially lively sales promotion from now on to make up a good deal of the sales volume that adverse weather has cost them thus far. Golf Christmas gift sales income developed during the past three years by GOLFDOM'S "Christmas Shopping At Your Pro Shop" plan is expected to be more strongly emphasized than ever before in getting pro sales volume for the year built up after a slow start. The Christmas plan merchandising has leveled out some of the unfavorable weather influence on pro sales and has brought to the pro shops considerable business that formerly went to stores.

Costs of operation continue to plague pros. The service standards at first class clubs call for expenses of assistants, heavy inventory and overhead that can be justified only by large volume. The general tendency is to overestimate possibilities of

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revenue at pro shops.

Among pro resignations announced to go into effect at the end of this season, or which have occurred recently, have been some at clubs rumored (without foundation) to have exceptionally high pro shop sales volume and net profits.

On widely known professional, an excellent teacher, businessman and developer of golf has given his resignation to his club. His shop operating expenses are \$18,000. There's not enough business at the club to justify that overhead. He plans to connect with a club that isn't quite as "exclusive" as his present location and will present a chance for profit by development of golf play.

The pros in some districts are being troubled by the talk about financing pro old age relief, charity to indigent pros, and retirement and an extensive pro educational program, plus providing legal fees and a promoter's profit out of increased

profits on pro shop merchandise.

Officials Misled

This rosy dream of high finance has excited officials of some clubs that are operating in the red and which want to get clubhouse rebuilding projects under way. These officials have been sadly misled into believing the pro shop revenue can solve all financial problems. Investigation would have plainly showed that the pros at such clubs were making a fair net profit on their investment only because of lesson income, car and cart rental and, in general, excellent management, long hours of work and not charging full salaries for themselves or interest on their investment in inventory.

One very cheerful development has started to spread at private golf clubs this year. That is the highly important job of educating members in their responsibilities and duties as members. The situation has been that especially newer members usually expect to have no obligations to a private club except paying their bills and letting unpaid officials and the staff work out the right answers for everybody.