

**Owner Produces
Figures to Prove It**

9-Hole Course Brings Larger Return Than 18

"From the standpoint of investment and return, it is more profitable to own a nine-hole semi-private course than an 18-hole layout."

This startling statement was made by Herbert H. Davis, Jr., owner of nine- and 18-hole fee courses in Omaha, when he appeared on the panel of a public course seminar which Rex McMorris, former executive director of the National Golf Foundation, conducted in conjunction with the recent GCSA convention in Cleveland.

Davis cited comparative figures of his two courses — Cedar Hills (nine holes) and Miracle Hills (18 holes) in contending that it is more profitable to invest in the shorter layout. In 1963, he pointed out, Cedar Hills showed a 37 per cent return on the investment in property, while the longer Miracle Hills layout produced only a 13 per cent return.

Strong Nine-Hole Play

To further bolster his argument, Davis said that studies made by his investment corporation, which owns the two courses, show that nearly 50 per cent of play at the 18-hole Miracle Hills club in 1963 was made up of only nine-hole rounds. Heavy weekend and holiday 18-hole play, however, cut into the weekday nine-hole play which actually averaged 57 per cent. Davis added that it is doubtful if more than five per cent of the players at the 9-hole Cedar Hills course play two rounds there in a single day.

In 1963, green fee revenue at the shorter Cedar Hills course exceeded that at Miracle Hills on a per-hole basis by nearly three per cent. Yet, investment at Cedar Hills, according to the Omaha owner's

figures, is only about 40 per cent per-hole of what it is at Miracle Hills. It costs only two-thirds as much at the smaller course to maintain a single hole in comparison with Miracle Hills. Land occupancy at the nine-hole layout is only 43 per cent of what it is at the longer course. This, too, is figured on a per-hole basis.

Common Basis for Comparisons

Davis told the more than 300 persons who attended the seminar that for comparative purposes, all figures for both courses were reduced to a common basis. Interest and principal payment charges were eliminated for the sake of comparison, and returns were figured on the cost of facilities. Rent was substituted for land costs of both properties to put the comparison here on an equitable basis.

At the conclusion of the 1963 season, Davis said that his company was so confident of the demand at Cedar Hills that it raised fees there by approximately 15 per cent. Fees at Miracle Hills, however, remained the same. Cedar Hills covers about 30 acres, plays to about 2,500 yards and has a par of 32. Miracle Hills covers 130 acres, has considerably larger greens than Cedar and can be easily shortened or stretched by tee adjustments. Par is 70. Davis conceded that from an artistic and golfing standpoint, Miracle Hills has an edge over Cedar. But he added that most people who make investments in semi-private courses aren't looking at art as intensely as they are at money. His company is presently building a third course in Omaha — a nine-hole layout, as you might guess.

Four Other Speakers

Other speakers on the panel at the public course seminar were Joseph M. Duich, Penn State University agronomist; William Galligan, representing the Village of Glen Ellyn, Ill.; R. E. Watson of Benjamin Lewis & Co., Chicago; and Bill Lyons, owner of a public course in Canal Fulton, O.

The speech given by Joe Duich was based on the work that H. B. Musser, J. C. Harper and he have put into the drawing up of specifications for course construction in the last four or five years.

In dealing with an architect, Duich stressed that a prospective course owner

should not only get design drawings that are complete to the last detail, but should insist on directives that outline how the entire course building project is to be carried out. Usually, he said, no trouble is encountered so far as the designs are concerned, but in many instances some architects will hedge in detailing how each construction operation is going to be performed.

Architect Responsible

Supervision of construction, the Penn State agronomist, told his audience is the obligation of the architect. The charge is often made, he said, and has been partly substantiated, that architects, or qualified representative appointed by them, don't visit course sites frequently enough to check on the progress of construction. Duich said that the person building a course should insist on some kind of a daily inspection and, if necessary, should hire his own representative, preferably a supt., to handle this.

Finally, he said that in many cases deviations from original plans have to be made because of soil conditions at a course site. Terrain problems and unforeseen obstacles also may be encountered. Reasonable allowance should be made for these things before construction is started since it is extremely rare when some bottlenecks don't eventually crop up.

Acceptance Is Slow

William Gallagan, village administrator of Glen Ellyn, Ill., said that it takes an almost unbelievable amount of groundwork to prepare a community to accept a public golf course if it doesn't have one. Opposition is quite difficult to overcome because most people don't realize that a municipally operated course usually starts paying its way in a short time. This is the story that always has to be emphasized.

In Glen Ellyn, it was first necessary to have the voters approve a referendum to set up a city recreation district. With this out of the way, the task of publicizing the need for a course was made a little easier for the city officials and civic and fraternal groups that supported its construction. But before the publicity campaign got underway, Gallagan and others behind the Glen Ellyn campaign armed themselves

with extensive surveys of golf operations and revenues in other towns and villages of comparable size. This was done, he pointed out, because it is well established that when a recreation issue is to be presented to the voters, more questions are asked concerning it than any other type of municipal issue.

"Voters," said Gallagan, "understand the need for schools, municipal buildings and public utilities, but feel that recreational facilities are luxuries that can be deferred or put off completely. That is why it takes so much time and effort to sell them."

Discovers A New Law

One of the best selling points that Gallagan discovered during the campaign: As the population of a community increases, more schools, sewers, streets, etc. are needed and taxes go up. But if a 150-acre golf course is built and perhaps a 200- or 300-acre park is approved, several hundred potential homesites are eliminated. This cuts down the need for adding to school and municipal facilities, thus saving the taxpayers money.

In discussing the financing of municipal courses, R. E. Watson of Benjamin Lewis & Co., a Chicago investment securities firm, said that before any bond issue is undertaken, recreation officials should carefully check their issuing authority to prevent any future complications. Then, preliminary architectural and engineering studies should be made so that the company that buys the bonds can be apprised of all facts covering the cost of building a proposed course. It is also wise, Watson said, for the recreation commission to make allowance for possible additional debt after the building project is started. It should also be prepared to submit estimates of potential play and revenue so that redemption schedules can be set up without delay.

Check Contractors' Responsibilities

In letting construction bids, Watson stressed that careful checks should be made of the successful bidders' financial responsibility and ability to do the work they have contracted to do. Performance bonds should be required of all companies that work on a course building project. A system of inspecting work in progress,

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Larger Return on 9

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preferably on a daily basis, should be put into operation from the day work on the course is started. Bookkeeping and auditing procedures that cover any municipal building undertaking usually are covered by specific local ordinances.

"If provision is not made for submitting engineering estimates, letting contracts to competent companies, and providing reliable revenue estimates," Watson concluded, "municipalities usually run into trouble in selling their bonds."

Describes Tax Burden

Bill Lyons, the final speaker on the program, was invited to appear at the seminar to bring the tax plight of Ohio course owners and other persons in the recreation business to the attention of the convention visitors, and to seek their help and advice in getting relief. Lyons, who converted a small farm to a golf course a few years ago, said that his taxes have increased nearly 1,000 per cent since 1963. A course in Canton had its assessment raised by 57 per cent in one year. A third course near Akron is paying 15 times as much in taxes today as it did in 1940.

"The only solution to our problem, and yours," Lyons said, "is to seek legislation that will put the taxing of real estate used for recreation purposes on a nationwide, standardized basis. All of us are subject to the whims of local assessors. There is no guarantee that properties that are now assessed as recreational can't be changed to business tomorrow. This applies in all states."

Golf course owners, along with persons who own ski resorts, swimming pools, hunting lodges, etc. in Ohio, Lyons said, have organized the Ohio Outdoor Recreation Foundation and are making a concerted effort to get tax relief. The Foundation's headquarters is located at 17021 Broadway in Cleveland. Sil Monday is secretary of the organization.

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