



Power Played

Superintendents seek to save money in other areas of their maintenance budgets to offset increased fuel costs

BY LARRY AYLWARD, EDITOR IN CHIEF

What do gas prices and a superintendent's blood pressure have in common? They're both rising like the mercury in a thermometer on a scorching summer day.

With surging gas prices sucking up the greenbacks from many a golf course maintenance budget, superintendents are starting to sweat like down-on-their-luck poker players when they consider how their financial books might appear at the end of their operations' fiscal years.

Will their budgets be in the red?

Could they be a tad in the black?

Will some superintendents be feeling the blues?

With plenty of mowers' and utility vehicles' gas tanks to fill, three of four superinten-

dents have definite concerns about the rising cost of gasoline, according to a recent *Golfdom* online survey of 150 superintendents. Fifty-two percent said they're worried that price increases will have a major negative impact on their courses' maintenance budgets. Another 28 percent said they're worried to a lesser degree.

Sixteen percent said they're beginning to feel concern, although they aren't too worried. The remaining 4 percent said they weren't worried at all.

As of June 21 the nationwide average for a gallon of unleaded regular gas was \$2.16, according to the U.S. Energy Information Administration. That's up nearly 22 cents from a year ago and more than 65 cents from the beginning of 2004. On June 21 the nationwide average for a gallon of diesel fuel was \$2.31, up more than 61 cents from a year ago.

In the early spring it appeared the price of

gas would soar to \$2.50 a gallon. But the price dropped several cents in coming weeks, thanks to an increase in production and a drop in demand, which created larger stockpiles.

But depending on whose report you believe, prices could soar even higher in the near future. Some say the \$3 gallon is reality and just around the bend.

Ron Ciancutti, purchasing manager for the Cleveland (Ohio) MetroParks, which operates seven municipal golf courses, points out that the root of increased gas prices has more to do with capacity. It's not about how much crude oil companies can pump in a given time to increase gasoline supplies, he says. Rather, it's about how quickly that crude oil can be refined into gas to meet increased demand.

That said, it's common knowledge that oil supplies are diminishing because of increased demand, which can be attributed to mankind. People's Fords and Toyotas are using more petroleum than ever, especially those folks' vehicles in China, India and, of course, the gas-guzzling United States. The Chinese, at 1.3-billion strong, are buying cars as fast as Elvis did in his heyday and building super-highways on which to drive them.

Gas prices have commanded superintendents' attention. Many have reacted to higher prices with creative plans to save money in other areas of their maintenance budgets. And they realize they'll have to continue to do so as prices continue to rise.

"How often in our lifetime has the price of gas gone down?" asks Tim O'Neill, certified superintendent of the Country Club of Darien (Conn.), knowing full well the answer to the question.

Sudden impact

Charlie Fultz, superintendent of Shenvalee Golf Resort in New Market, Va., sits at his desk and cranks up his adding machine to figure precisely how much high gas prices have impacted his course's maintenance budget.

Fultz says he budgeted \$25,000 in 2005 for gas used in equipment and utility vehicles. He figured 25 grand would buy him about 14,000 gallons of fuel at about \$1.79 a gallon.

Continued on page 28



**“We’re having
to tighten up
and watch
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GREG OTTO

GOLDEN HORSESHOE GOLF CLUB

Continued from page 27

Now he figures it will only buy him about 11,800 gallons because he's been paying anywhere from \$2 to \$2.25 a gallon lately. "That's almost a 25 percent increase," he notes.

For months Fultz has also expressed concern that escalating gas prices will affect Shenvalee and the entire resort business.

"We pull people from Pennsylvania, Maryland and the District of Columbia," Fultz said last fall. "You have to wonder if fewer people will want to drive here if gas is more than \$2 a gallon."

In May, Fultz declared the resort's hotel was not as full as he expected. He wondered if his autumn prophecy had come true.

Still, rounds were up at Shenvalee in the spring (thanks to local golfers and wonderful spring weather), but Fultz remains concerned about play in the late-summer and early-fall months, the resort's bread-and-butter season.

Greg Otto, superintendent of the 18-hole Gold Course at the Golden Horse-

shoe Golf Club in Williamsburg, Va., uses plenty of unleaded gas and diesel fuel — the course has 500-gallon tanks for each — in his maintenance operation. So does the entire 500-acre club, which features an additional 27 holes of golf as well as lawn bowling and croquet fields.

It's not just increased gas prices that have evoked the mathematical portion of Otto's brain. He's concerned about increased costs of equipment and other materials as well.

"Everything is going up," he says. "And we're having to tighten up and watch our budget a lot closer. But we're finding different ways to reduce costs and still stay within our budget."

Not all superintendents are that worried about increased gas prices, however. Mike Sosik, the owner and superintendent of Harrisville Golf Course, a nine-hole track in Fiskdale, Mass., says an increase in the golf car rental business has helped offset high gas prices. Sosik raised rentals 50 cents this sea-

son to keep up with increased fuel prices, but the higher cost hasn't stopped people from renting them. "It seems like nobody wants to walk a golf course anymore," Sosik says. "Our revenues are up almost 50 percent over last year in golf car revenue."

Thanks to increased gas prices, superintendents have also noticed increased surcharges on deliveries. O'Neill, president of the Golf Course Superintendents Association of America (GCSAA), says the amount of the charges "has really caught my attention."

"Recently I purchased a load of topdressing . . . and the trucking charge was more than the material," O'Neill says. "I'm definitely concerned about that."

Sosik says he ordered a few loads of bunker sand and screamed "Holy Cow" when he got the bill. "They're getting you for \$35 to \$50 just on a surcharge," he adds.

Fultz says companies that didn't have surcharges before do now.

"In a month you're up over \$100 just in fuel surcharges," he says. "Spread that over 10 months of ordering and there's another \$1,000 dollars I have to accommodate that I wasn't planning to accommodate before."

Fultz doesn't blame companies for instituting the delivery charges. "When diesel fuel is \$2.27 a gallon and these guys drive big rigs that get 15 miles a gallon . . . you can't fault them."

Fultz says his budget takes an extra hit when the delivery truck rolls up to the maintenance facility with a load of fertilizer. He not only gets dinged with a surcharge, but an increase in fertilizer prices, too.

Like gas, fertilizer prices have soared because of increased worldwide demand for natural gas and petroleum products, which provide the basic building blocks of fertilizer.

Ciancutti, who buys fertilizer as needed for the Cleveland park district's seven courses, estimates the price has risen 3 percent to 5 percent from 2004. Some experts predict as much as a 20 percent increase in the price of fertilizer this year.

The U.S. Department of Energy (DOE) predicts natural gas demand will increase 2.2 percent in 2005 and 3.2 percent in 2006. At the same time, domestic natural gas production will only increase 0.5 percent mainly because existing U.S. gas wells are nearing depletion. So the

Continued on page 30

Price Increase Is Not a Gas

Are you worried that the constant increase in gas prices will hurt your golf course's operation in some way?

Yes, prices will impact us big time for sure

52%

Yes, but not too much

28%

I'm getting concerned

24%

Not at all. Prices can rise to \$3 a gallon for all I care

4%

* Online poll based on 150 responses

Golfdom



“That almighty dollar doesn’t travel nearly as far as it did 18 months ago.”

CHARLIE FULTZ

SHENVALEE GOLF RESORT

Continued from page 28

country must import more natural gas and the price keeps climbing.

What to do?

Superintendents realize they just can’t groan about increased fuel prices. They must do something to contest them.

O’Neill plans to use more plant growth regulators on fairways so they won’t need to be mowed on Sunday mornings. In turn that will save O’Neill gas, not to mention the cost of labor associated with the mowing.

Even Sosik, who says fuel prices haven’t hurt his budget, says increased gas prices have him re-evaluating his mowing schedule. “I question whether I need to mow fairways on a certain day,” he says. “I wonder if I should wait a couple of days to do it.”

Fultz has done a few things to save money in other areas of his budget. For instance, generic fungicides will be used more in his spraying program. Fultz has used them sparingly in the past on fairways and tees. This year he’s using them more on fairways and tees and now sparingly on greens. Fultz figures generics will save him about \$5,000.

Fultz also held off on hiring summer help for a few weeks to save some money. “Usually I have a couple seasonal guys in here by now,” he said in early May. “I’m trying to see how long I can hang on without bringing them in.”

Otto says his club has cut back spending in other areas, especially work done by outside contractors. “They’ve come in and done larger projects — from drainage on a fairway or a tee box to repaving a particular area,” Otto says. “We limited it last year, and we’ve really cut back on it this year.”

Ciancutti is considering his long-term options to offset even higher gas prices. He says one of the park district’s courses is building a new clubhouse and had planned a modest garage area for the gas-powered golf cars. Instead, planners are considering a larger, more comprehensive and expensive garage with the capacity to house and power electric golf cars. Ciancutti says the park district is discussing whether electric golf cars will make more economical sense in the long run than gas-powered vehicles.

To combat the increase in fertilizer prices, Fultz expects more superintendents will look into using slow-release fertilizers that could

last several months instead of four weeks.

Fultz has found a way to reduce fertilizer costs on his course’s fairways. He’s using manure made from human waste that he buys from a Boston company for about \$2 a pound. He says he spreads the fertilizer at one-quarter pound per 1,000 feet and is pleased with the product’s six-week feed.

In the previous few years O’Neill used a service provider to apply fertilizer at Darien. That way he didn’t have to worry about storing and handling fertilizer. But the process is expensive and O’Neill is changing his strategy to save money.

“This year I chose to go back to putting out fertilizer myself,” he says.

The long and short term of it

Superintendents believe that more fuel-efficient equipment will help them in their long-term plights to deal with increased fuel costs.

O’Neill says he’s hearing more talk from his peers about using electric mowers. Ironically, most superintendents desire electric mowers to reduce early-morning noise so people living in homes on golf courses won’t be disrupted. “But there will even be more interest in this alternate energy-type equipment because of the way gas prices are going,” O’Neill predicts.

Fultz still prefers to hear the hum of a gas engine on a mower but the escalating price of gas has piqued his interest in mower manufacturers’ electric technology, specifically a hybrid mower.

In the short term, nobody wants to have to sacrifice the quality of the golf course to help pay for more expensive gas and fertilizer.

Ciancutti says he won’t make cuts that will affect the quality and playability at the park district’s golf courses. For instance, cheaper sand won’t be used for topdressing to offset higher fertilizer costs. “We won’t sacrifice quality for cost but maintaining the balance through creative solutions is getting more challenging every day,” Ciancutti adds.

Fultz says only time will tell how much a \$2.10 gallon of gas will play in golfers’ decisions to cancel or shorten their trips to his resort. August, September and October are the big months at Shenvalee, and Fultz realizes that it might cost traveling players about \$100 more in gas to travel round-trip to Shenvalee.

“That almighty dollar doesn’t travel nearly as far as it did 18 months ago,” Fultz concludes. ■



Status Quo

As shocking as sky-high gas prices may be, it's environmental issues that are driving equipment makers to revise their strategies

BY THOMAS SKERNIVITZ, MANAGING EDITOR

When it comes to more fuel-efficient equipment options, superintendents are doing more crying than buying.

A recent *Golfdom* survey of 150 superintendents found 52 percent are worried that increasing gas prices will have a major impact on their maintenance budgets. Another 28 percent were only slightly worried.

But the heightened concern hasn't impacted the major equipment manufacturers. There hasn't been a run on what few non-gas mowers are available. Nor has there been a backlash against gas-guzzling products.

"As far as our golf and turf sales, we really haven't seen any effect from the increase in fuel prices the last year or so," says Tracy Lanier, the golf and turf product manager for John Deere Co.

More telling, the Big Three — Jacobsen, John Deere and The Toro Co. — haven't significantly modified their immediate plans in response to the dilemma.

"Certainly there's noise out there because of (increasing gas prices), and Toro is certainly working on other fuel choices. But everything



When it comes to mowing a course, "there's nothing as efficient as a gas engine," according to The Toro Co.

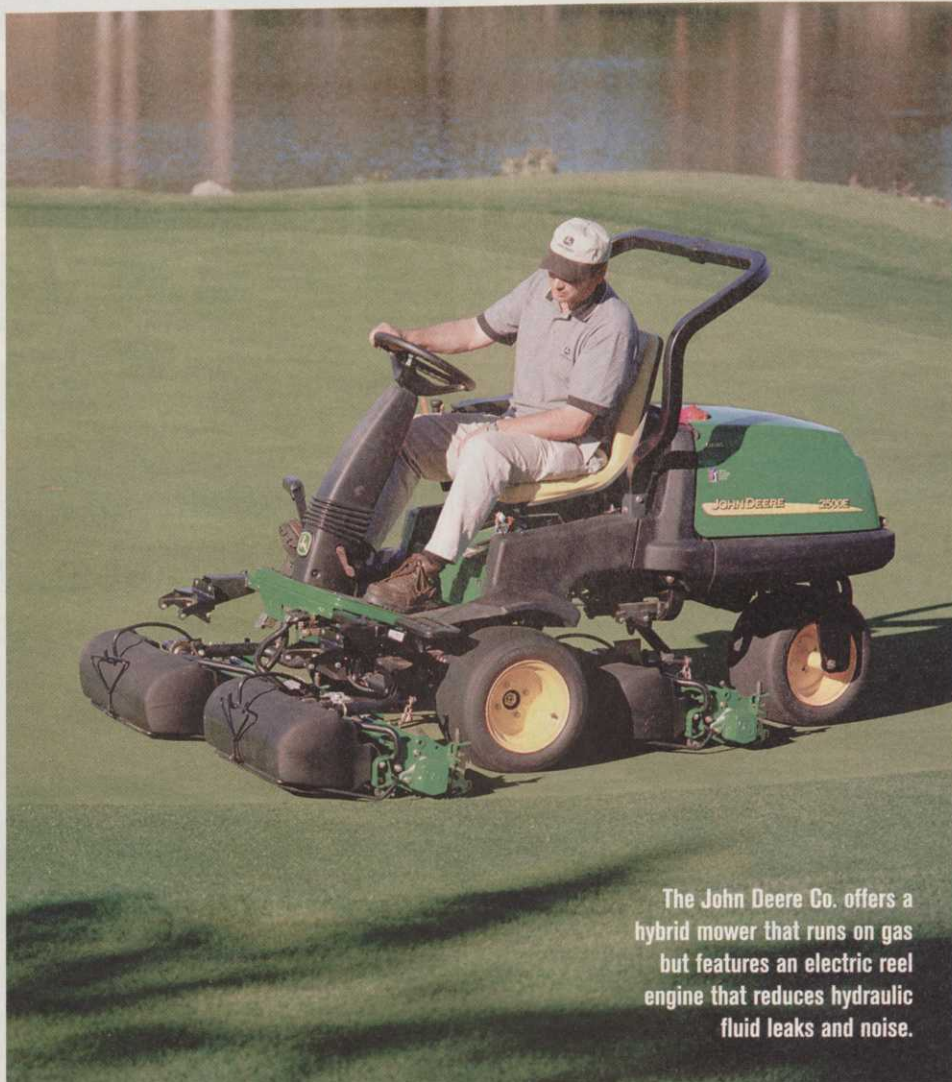
has tradeoffs," says John Wright, Toro's director of investor relations. "There's nothing as efficient as a gas engine. And gas would probably have to go up considerably for someone to say, 'Oh, my gosh, we have to all use batteries.'"

Continued on page 34

“These (pieces of equipment) don’t consume a ton of fuel.”

RYAN WEEKS

JACOBSEN



The John Deere Co. offers a hybrid mower that runs on gas but features an electric reel engine that reduces hydraulic fluid leaks and noise.

Continued from page 33

Until then, according to Wright, fuel consumption simply comprises too little of a superintendent's overall budget to warrant major revisions. Over the lifetime of a machine, about 10 percent of cost goes toward gas, he estimates. Meanwhile, the purchase price, costs for repair and parts, and especially the labor expenses are significantly higher.

“While we certainly acknowledge that prices have gone up, it’s by no means anywhere near the largest portion of someone’s budget,” Wright says. “If labor had gone up the same percentage (as fuel), it would kill somebody.”

Ryan Weeks, Jacobsen’s director of product management, agrees: “These (pieces of equipment) don’t consume a ton of fuel. It’s not like they’re a semi (truck) and get 4

miles to the gallon. But we do recognize it’s a cost, and we are doing things to significantly reduce or even eliminate that cost from the golf course.”

Ultior motive

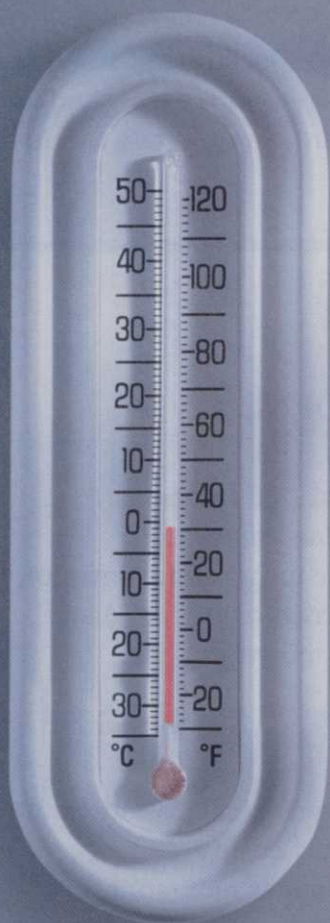
Although manufacturers have been working on hybrid alternatives for years, they’ve never used fuel efficiency as a motivator. Environmental concerns are foremost. And with homes increasingly being built along courses, reducing noise is another major factor.

“(Saving gas) would be third right now,” Lanier says.

Manufacturers are busy heeding California’s strict emissions standards and expecting other states to emulate them, according to Weeks. Already, he says, New York state offi-

Continued on page 36

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Status Quo

Continued from page 34

cials are seeking more environmentally friendly machines for municipal areas, "and they're actually offering subsidies to anyone who can help them do that."

Deere's response to the problem is the 2500E Hybrid Tri-Plex Greens Mower. Although the machine is powered by a gas or diesel engine, it features an electric reel motor that, according to Lanier, eliminates 102 hydraulic leak points, lowers sound levels by 4 dBA and increases fuel efficiency by 10 percent.

"What this allows us to do ... is that

we can throttle back our engine because we're not dependent on reel speed," Lanier says. "The customer can still mow all his greens with the same machine because we're not dependent on battery power."

Apparently customers are pleased. "It's hard to keep up with demand for it," Lanier says. "We're virtually shipping every one we've built."

Electric stigma

Meanwhile, the industry's lone all-electric mowers aren't selling quite as well, according to the machines' maker. Jacob-

Fertilizer Prices Yet to Sink In

Fortunately for fertilizer manufacturers such as The Andersons, superintendents — at least for now — appear to be an empathetic bunch. Despite fertilizer prices that have jumped by at least 15 percent this year and more than 25 percent over the last 18 months, there's been no major consumer backlash, according to the Toledo, Ohio-based company.

"(Superintendents) understand that fertilizer costs are related to natural gas," says Mike Bandy, marketing manager for The Andersons. "No one likes higher prices, but we haven't seen any real balking in terms of product consumption."

How long the calm will last is uncertain. The Andersons had not been expecting such a large increase in gas prices this year. In addition, the company was hoping to see a dip in natural gas prices this summer, but that has not yet occurred.

"We built in as much (of the rising costs) as we could in the pricing we did in the fall," Bandy says. "But prices went up more than we were expecting, so we were forced to do a price adjustment in April to further reflect where (costs) are right now."

"We're concerned about it longterm. We don't want to see the superintendents' cost go up, so we're trying to be as efficient as we can. But there is a limit as to what we can do."

Natural gas represents 70 percent to 90 percent of the cost to make nitrogen fertilizer, according to The Fertilizer Institute. Compounding matters, two other fertilizer components — phosphorus and potassium — have increased in price.

"Natural gas isn't the only driver for fertilizers," Bandy says. "The phosphorus is probably related to energy costs in general, and the potassium pricing is probably more of a competition situation within the potassium industry."

On top of all that, The Andersons has to ship products to and from each of its three main plants in Maumee, Ohio; Bowling Green, Ohio; and Montgomery, Ala.

"Most of our fertilizer and raw materials are not sourced close to our manufacturing facilities, and they are obviously very bulky products and very expensive to ship," Bandy said. "Conversely, we are a nationwide distributor and we ship products all across the nation and there are additional costs, primarily in the form of freight charges for trucks to ship products to our distributor customers."

Unfortunately, the increased costs represent a "change that will probably not be reversed," Bandy says. That may force The Andersons to change. "What it probably is forcing us to do is relook at our formulas and make sure we're as efficient as can be," he adds.

— By Thomas Skernivitz

sen's riding greens mower, the E-Plex II, and its walk-behind greens mower, the E-Walk, have yet to sway superintendents.

"To be honest, I don't fully understand why the electric greens mowers haven't taken off like wild-fire," Weeks says. "It seems logical that customers would get on board with this technology, especially when it's very environmentally friendly and the machine is obviously dead silent.

"But the adoption rate on the riding greens mower and even the walking greens mower hasn't been what I think it should be. The percentage of the electric

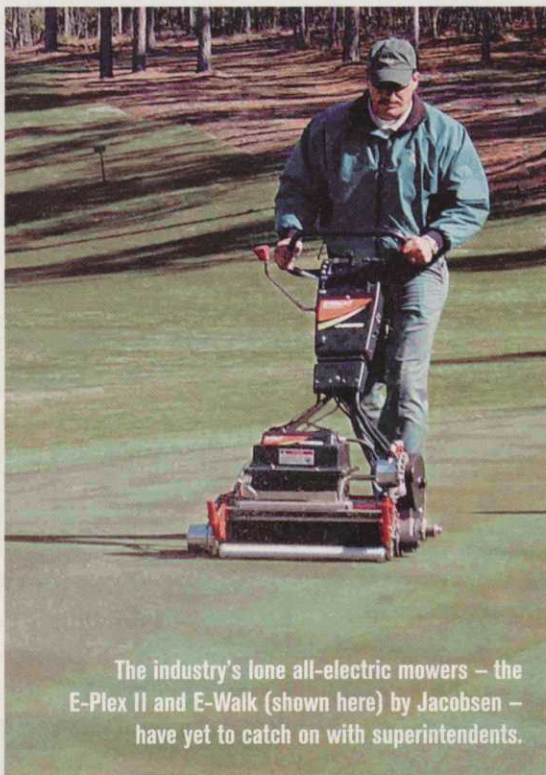
walkers that we sell relative to our overall percentage of our walking greens mowers is not even 10 percent."

The easy explanation behind stagnant sales is the perception that electric mowers are less powerful — a belief that Jacobsen's competitors are quick to highlight.

"The problem with a straight battery-powered machine is that it just can't perform the same functions as a standard hydraulic greens mower," Lanier says. "That's the downside of a total electric battery-powered machine. You only have a certain amount of power stored in this battery, and once it's gone, it's gone. You have to recharge it."

Not to fear, according to Jacobsen. Most courses, Weeks says, typically have an arsenal of at least two riding greens mowers and possibly six walking greens mowers per 18 holes.

"Sometimes," says Weeks, "we get a golf course that says, 'Well, I can't cut 18 holes with that riding greens mower on that one charge.' Well, nobody cuts 18 holes with one riding greens mower regardless of what you're using because you don't have that much time in the



The industry's lone all-electric mowers — the E-Plex II and E-Walk (shown here) by Jacobsen — have yet to catch on with superintendents.

morning to get all the greens cut."

Jacobsen's all-electric sales could also be suffering because of the golf industry's traditionalism and conservatism.

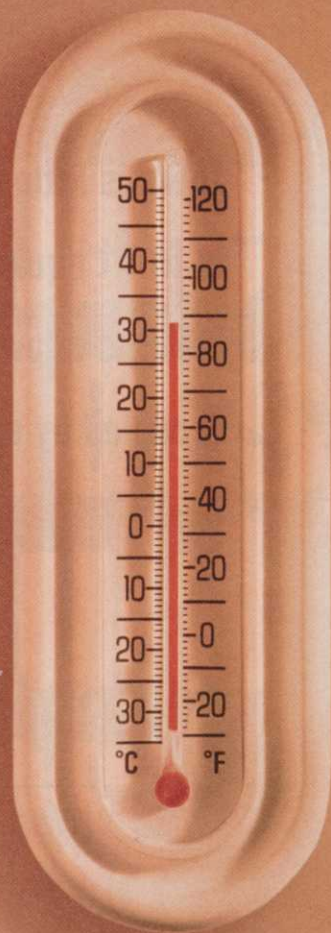
"The overall product lifecycle in the golf industry seems to be a hair slower than most industries," Weeks says. "And you have to recognize that superintendents, if they screw up one or five of their greens because they try out a new technology that doesn't work out, could lose their jobs over it. So they're rather slow to switch and they like to see a lot of proof before they consider it."

Jacobsen plans more aggressive educational and marketing campaigns to remedy the situation. "We're doing things to insure that the nightly charge isn't really what (superintendents) need to be concerned with in terms of getting that mower around the course," Weeks says.

Equally frustrated

Equipment manufacturers are no more pleased than superintendents about increased fuel prices, according to Wright. Toro, he notes, has had to

Continued on page 38



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Continued from page 37
work through price hikes of several of its manufacturing components, including steel, resins and rubber.

There is little that the Big Three can do to limit equipment price hikes because theirs is a low-volume industry that's occupied by even smaller suppliers.

"Those things are a lot bigger than fuel prices," Wright says. "We've felt it just as much as any superintendent."

In turn, superintendents have already seen equipment price increases. "I think everybody has had to nudge them up a little bit," Wright says. And there is little that the Big

Three can do to prevent that, he adds, because theirs is a low-volume industry that's occupied by even smaller suppliers.

"The people that supply a fairway mower with a motor aren't also supplying General Motors," Wright says. "So while there are three players that are trying to become more efficient in how they make things ... it gets tougher to fight price increases when it's more of a niche market."

Nonetheless, Toro is always trying to defray customer expense, Wright says. Currently a lean manufacturing system is being implemented to eliminate waste in the production process and, in turn, reduce the amount of time between customer order and delivery.

"Toro is working hard at managing the commodity and fuel increases out there, whereas the gas companies are probably not doing anything," Wright says. "When was the last time Amoco was trying to save you a dime?" ■

Got Ball Mark Problems?

Aronimink Golf Club, Newtown Square, PA
Atlanta National Golf Club, Alpharetta, GA
Carolina Country Club, Raleigh, NC
Cog Hill Golf & Country Club, Lemont, IL
Cherry Hills Country Club, Englewood, CO
Country Club of St. Albans, St. Albans, MO
Desert Highlands Country Club, Scottsdale, AZ
Elgin Country Club, Elgin, IL
Flint Hills National Country Club, Andover, KS
Karsten Creek Golf Club – OSU, Stillwater, OK
La Jolla Country Club, La Jolla, CA
Medinah Country Club, Medinah, IL

Merion Golf Club, Ardmore, PA
Norwood Hills Country Club, St. Louis, MO
Palos Verdes Golf Club, Palos Verdes, CA
Quintero Golf & Country Club, Peoria, AZ
Raccoon Run Country Club, Warsaw, IN
TPC at Boston, Norton, MA
TPC at Summerlin, Las Vegas, NV
The Country Club at DC Ranch, Scottsdale, AZ
The Vintage Club, Indian Wells, CA
White Columns Country Club, Alpharetta, GA
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