

2013 Spring Business Meeting

By David Brandenburg, Golf Course Manager, Rolling Meadows Golf Course

With the Spring Business and Education Meeting a week early this year we were lucky to have good traveling weather in a late February full of snow days. Unlike 2012 the only talk of early golf course openings was there would not be an early opening.

Don Rice from John Deere Financial started us off with a talk titled "What Financing Alternative is Best To Pay For the Equipment You Need."

Early in the process purchasers need to consider both the type of equipment and the financial implications.

Equipment Considerations

- What is the useful life of the equipment? The longer the useful life the more you should look at purchasing.
- Are there rapid changes to the equipment due to technology changes? If so users should consider a lease to allow for keeping up with those changes.
- What is the maintenance required for the equipment? Don expressed we are going to pay for the maintenance of the equipment no matter what. New equipment has lease or purchase payments and older equipment has part and loss of use break down costs that could equal regular payments.

Financial Considerations

- Cash availability
- Borrowing capacity
- Tax situation

Paying cash for a piece of equipment allows the owner to reduce monthly payments and helps them survive during lean or low cash flow times because they have no debt service. The negative aspect is it can reduce liquidity because the money is tied up in the equipment.

Installment Loans and Lease Purchase Loans are similar in they reduce cash outlay and you have ownership of the equipment but they both bring an ongoing obligation. The difference is an installment loan has a down payment while the lease to purchase finances the entire amount so there is no down payment and sales tax is spread out over the entire period.

A true operating lease does not have a down payment and does affect the balance sheet as the lease is just an expense not a capital expense. The negatives are an ongoing obligation and no ownership of the equipment. True leases are not as common in Wisconsin as they are in southern states. Operators in the Midwest prefer to own things and with our off season we have the opportunity to get a longer useful life out of equipment than golf courses in the south.

Operators who believe in leasing are of the opinion owning equipment does not produce profit. Using the equipment provides a product and in turn produces a profit. Why pay for the entire "ownership" of the equipment when you only need to use it? Leasing reduces the risk of a poor resale value and provides the lowest cost of use.

Most leases have a 600 hour use per year which for a golf course in Wisconsin would be plenty and probably overkill.



Our Education Presenters

Top: Don Rice, John Deere Financial
Middle: Robert Vavrek, USGA Green Section,
with the new 2x Stimpmeter®
Bottom, John Miller, GCSAA

FINANCING COMPARISON

For a \$100,000 equipment package and 5.5% state sales tax

	Cash	Installment Loan/ Lease Purchase	True Operating Lease
Interest Rate	N/A	2.9%	N/A
Monthly Payment (36 Mo)	n/A	\$3,056.01	\$2,215.53
Year One Outlay	\$105,500	\$36,672.10	\$26,586.38
Year Two Outlay	N/A	\$36,672.10	\$26,586.38
Year Three Outlay	N/A	\$36,672.10	\$26,586.38
Total	\$105,500.00	\$110,016.29	\$79,759.14
Lease Savings	\$25,740.86	\$30,257.15	-----

Don Rice presented this chart showing the cash savings of the true lease. However operators need to keep in mind the value of ownership from a cash purchase, installment loan or lease purchase.

Leases are more popular for high use items and in the south where equipment is used year round but it also has it's place in the Midwest.



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At the conclusion Rice quoted from a conversation he had with President Chad Harrington regarding leasing. "We lease carts on a three year basis because our owner wants the customers to see and use new equipment but the employees do not need new equipment to mow because there is no benefit to that." Like many of us Harrington turns a greensmower into a tee mower and then into a secondary or parts machine.

Overall each superintendent has to work with the board, owner and financial managers to determine if leasing, paying cash or financing equipment works best for them.

Next up was USGA Agronomist Bob Vavrek giving the always popular "2012 Year In Review". As a group we like to see anonymous problems at other courses so we realize we are not alone with our own turf struggles.

Bob started by showing how 2012 was a "Budget Buster" as March was the warmest March on record and in fact warmer than April. The early opening was great for revenue but it also was expensive as the record temperatures had seasonal grounds staff working early and turf managers applying turf products to provide good playing conditions. March was followed by the hottest July on record causing extra plant protection applications and hours of hand watering to greens, tees and fairways.

Vavrek discussed how irrigation systems were pushed to their limits and any and all system limitations were visible to players and superintendents. Water quality became an issue for the first time as wells were taxed and no rains were available to flush salts from the root zone.

Sunlight and air movement were criti-

cal to turf survival and turf decline was the result of poor growing environments. The warm winter allowed poa annua to survive into spring and the temperature stresses had it seeding out all summer. Collars and cart traffic areas were hardest hit along with any concentrated foot traffic areas. The key turf problems were usually found in the 6' around the green and 6' on the green where traffic, roots, compaction, shade and limited air movement are found.

Many of Bob's Turf Advisory Service visits were related to heat and drought problems and involved a lot of mad golfers and board members. Bob discussed how in Europe courses are able to maintain healthy, firm, fast and brown turf that turns green with rain or irrigation while here our turf dies. The difference we have in the Midwest is cart traffic, poor soils along with the heat and humidity.

Bob showed some great slides of how tree roots expand long past the tree's drip line and how regular root pruning works wonders to improve turf quality.

As pests adapt to our climate local turf managers will have to expect new and hard to control problems with goose grass already being found in much of Illinois and as far north as Minneapolis. This aggressive weed can take over a range tee and is near impossible to control. The ash borer is already in parts of the state along with Japanese beetles.

Bob finished with the new USGA Stimp-meter® that is blue and has measurements etched in the side, the traditional notch for ball release when face up along with a 2X notch on the bottom to allow for measurements with half the ball roll on greens that do not have flat areas big enough to have 9-15' roll out. The new Stimp-meter® costs \$110 with a \$35 rebate for any old Stimp-meter® traded in through June 30th.

To finish off the mornings education John Miller, CGCS, GCSAA Great Lakes Region Representative discussed "Better Turf Through Water Management".

John graduated from Ohio State and is a third generation superintendent and has worked at private, daily fee and municipal operations and gone through two construction grow-ins and recently served as the first agronomist for the LPGA Tour covering events all over the world.

Miller started with the question "If you had to cut a million gallons a month how would you do it?" Although we have not had many water restrictions in the badger state our time is coming and we are really only one drought away from major changes in how we use water. Miller pointed out that states that go through drought restrictions rarely allow free use of water amounts after the drought ends.

Considering a brand new irrigation system is 80% efficient it is important that turf managers do an audit on their systems though a catch can system to determine how much water they are putting where. With older systems head leveling and keeping up with nozzle technology or just replacing worn nozzles will help maintain a efficiency percentage

Knowing where weaknesses are in the irrigation system allows supervisors to make maps for hand watering staff on where to apply water. These maps along with the use of soil moisture meters and soil probes will help provide healthier turf without over-watering. The audit will also point out areas where special sprinklers may be needed or a re-design of an area to reduce over-watering and under-watering.

The soil profile is also important and Miller pointed out good cultural programs makes water management easier so aerification and topdressing to reduce layers is important. Along with a good soil profile a good nutrient program allows for a healthy normal green color while using less water.

Each courses putting greens respond to dry down differently so it is important for turf managers to understand their greens and how each one is different to make an informed decision on what a good amount is for soil moisture content.

Playability is key to customer satisfaction so John suggested asking your golf professional to hit a couple of 7 irons into select greens to see how the ball reacts on impact. How does it bounce, how far does it go? Then determine what is the current soil moisture level and watering regime?



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Top Left: Monroe Miller spells out Tom Harrison's contributions to the WGCSA and golf industry.

Top Right: Top Right: Tom Harrison accepts the WGCSA Distinguished Service Award.

Center Left: WGCSA President Chad Harrington

Center Right: WGCSA Chapter Manger Brett Grams

Below Left: Golf and Arrangements Chair Scott Bushman

There is a business adage that says you cannot manage what you do not measure and John suggested for consistent greens conditions the same is true. "Every golf course is its own environment, you need to evaluate yours." Turf managers should track nutrient levels, soil moisture and green speed to see how the desired greens speeds are reached. Creating a consistent playing surface requires an investment in time to track information, hand watering and the use of base sprinklers.

After lunch the spring business meeting was held to a reduced but enthralled audience.

First up was Monroe Miller to present information on why Tom Harrison is deserving of the WGCSA Distinguished Service Award for his years of work on behalf of the golf industry. For more on Tom and his acceptance speech for the award please see the article, "Harrison Awarded Distinguished Service Award on page 20 of this issue.

The meeting continued with the officer and committee reports. President Harrington thanked our sponsors at the Golf Industry Show Hospitality Room and reported the board of directors was going to start a new strategic planning session to renew their future goals. He also reported a change in the Legacy Awards to allow current board members children to participate but not the committee members who select the awards.

Chapter Manager Brett Grams reported that membership renewals are coming in faster this year and he is appreciative for that. He thanked all our Industry partners who support our events and make the *The Grass Roots* possible. He also said the low interest rates on CD's are causing the board to look at other investment options.

Membership Chairman Kevin Knudtson presented 25 year membership plaques to Michael Lee, Kristopher Pinkerton, Chuck Wollner, James Ceman, Mark Hjortness and Rob Udelhofen.

Kevin presented a short bio on each 25 year member. (Please see the biographical information on page 28)

Golf and Arrangements Chairman Scott Bushman went through the events for this year and offered anyone looking to host for 2014 to contact him or Brett. He expressed appreciation for this year's hosts and how much easier it is to have a full schedule early in the year. The Event Schedule can be found on page 47 of this issue.

The final business was the Monroe Miller Literary Scholarship which went to Glen Obear for his article "What Are We Missing When We Sample Putting Green Soils?" in the July August issue of *The Grass Roots*.

The Monroe Miller Literary Scholarship is given each spring to the best graduate or undergraduate student written article in *The Grass Roots* and is named in appreciation for Millers 20 years as editor of the magazine. The articles are judged on innovativeness, creativity, impact, quantity and quality.



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