

# Excellence Restored: A Guide to Golf Course Renovation



American Society of Golf Course Architects  
Club Managers Association of America



**CLUB  
MANAGERS  
ASSOCIATION  
of AMERICA**

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Cover Photo: The recently reconstructed 16<sup>th</sup> hole at TPC Potomac at Avenel Farm, Potomac, MD. Photo by James Kim

Course renovation can be a monumental undertaking for any golf club. Every renovation project is unique and demands creativity, flexibility and investment from all of the involved parties. It requires a well-orchestrated team of individuals including – but not limited to – the club manager, golf course architect, golf course superintendent and board members. These stakeholders must have the necessary vision to see the possibility of what could be and the passion to market and illustrate their plan of action to the general membership of the facility. Despite the often glaring need to renovate aging and outdated facilities, individual club members may be resistant to the proposed change and its accompanying monetary costs. These dedicated individuals must be the drivers of the process to secure the confidence and approval of the membership.

Equally trying can be the process of obtaining the financial resources needed to facilitate the renovation. Club leaders must be willing to weigh both the traditional and nontraditional methods of financing a renovation. Member assessments and traditional bank loans are no longer the only options. Many clubs are now leveraging previously untapped assets to creatively finance their efforts. During this process, clubs should consider what ROI (return on investment) their club will enjoy from the renovation. Potential advantages could include increased member nominations and initiation fees, existing member usage and overall interest in club membership.

Drawn specifically from private clubs, the case studies of Naperville Country Club (Naperville, IL) and Riviera Country Club (Coral Gables, FL) provide real-life examples of overcoming these obstacles to renovation. In both cases, these clubs orchestrated well-executed renovations that benefited the club and its members. We hope that *Excellence Restored: A Guide to Golf Course Renovation* will provide you and your team with useful tools and information to consider when evaluating the renovation options available at your golf course facility.



Bruce Charlton, ASGCA  
ASGCA President



Michael G. Leemhuis, CCM, CCE  
CMAA President



## INTRODUCTION

### Why Renovate? A Vision of Excellence

Today, many mature golf courses face a number of common problems. As assets age, members can be burdened with increased operational and maintenance costs. What's more, changing demographics and competition from newer courses can lead to membership attrition. And increasingly, golf clubs are asked to comply with more stringent environmental restrictions.

But older clubs still hold certain advantages. Often, they sit on prime locations and have mature landscapes that might take a newer club years to develop. These advantages make them prime candidates for remodeling. Golf course remodeling can improve the playability and overall strategy of your course. It can address environmental issues and revitalize your aging assets. Above all, it can reinvigorate your current membership and help you add new members.

**Renovating your course has the potential to revitalize your golf club and bring years of enjoyment to your fellow members.**

When evaluating whether or not a renovation might make financial sense, it is important to remember certain factors that can potentially affect the ultimate cost of a renovation. These include membership growth and added revenue, tax considerations and depreciation and operating cost savings.



Beaver Creek Golf Club. Photo by Taliaferro Jones

Given the fierce competition in today's golf marketplace for new members and players, membership growth and added revenue must be considered when evaluating a renovation decision. To what degree will a renovation help you attract new members or retain existing members? To what degree might a renovation cause you to lose people?

As you weigh your alternatives, carefully consider the likely impact of the renovation on club operations. A business analysis can determine whether or not a renovation is worth pursuing from a financial standpoint. Start the process by assembling the right team composed of board leaders and managers, membership representatives, financial experts, a golf course architect and a course superintendent.

A video look at these issues is available to golf course decision-makers as well.

To order a copy of the DVD "Excellence Restored," please contact CMAA at (703) 739-9500 or ASGCA at (262) 786-5960.



## Renovation may allow for ...

- Increased sales, revenue, membership sales and member retention
- Better operational efficiencies through ongoing daily savings
- Regulatory compliance and the avoidance of workplace safety and environmental fines and penalties
- Increased real and perceived facility value
- A better balance sheet

## A CHAMPIONSHIP STRATEGY Assemble the Right Team

Assemble a team of knowledgeable and engaged leaders to spearhead your course renovation. Team members should include:

- An accountant who understands tax and depreciation choices
- A banker who can help to secure outside funding, if necessary
- The sales and marketing director who knows what members value
- Club leaders who are familiar with the operation and can set priorities
- A golf course architect who can develop a Master Plan and design strategy
- The course superintendent who knows the course and what things cost



We-Ko-Pa Golf Club, Saguaro, AZ. Course hole. No. 10  
Top: Construction. Bottom: Hydroseeding



Architects and builders turn concepts into creations.



**“Make sure that you have people around you that know more than you know; people who are experts in their field. And there are many different people: local distributors who deal with irrigation parts, sprinkler types and computerized systems; irrigation designers; your architects; your contractors. Surround yourself with experts, and build yourself a good team.”**

**Allan Pulaski**  
**CEO, Pulaski Golf & Development**  
Former Director, Golf & Grounds Maintenance  
The Landings Club, Savannah, GA

## COSTS, CHOICES AND OPPORTUNITIES

For some golf courses, renovation is not a choice, but a necessity. Greens may have failed, or new water restrictions might necessitate that better irrigation or drainage methods be introduced. At other courses, the band-aid approach may simply not work any longer. And at still other layouts, leaders may have more time to consider the options. Decision-makers are often left to weigh the benefits and costs of renovating what is to most clubs, the greatest asset it has.

The benefits of a renovation can include improved revenue through increased rounds, fees or memberships; operating savings, such as labor, water, electricity and other monetary savings; regulatory compliance through the avoidance of fines and penalties; increased facility value; enhanced membership retention; and improved balance sheets and income statements.

### Financial Costs of Renovation

- Hard costs of construction
- Revenue and/or membership loss

The costs of renovation can include the hard costs associated with construction items such as labor and fees and features ranging from drainage to soil amendments. "Soft" costs can include revenue and/or membership losses. Immediate costs can include the more difficult to quantify factors of downtime and inconvenience.

Date/Item	Product Total	Sales Tax	Ship/Handle	Rebate/Pay	Invoice Total	Postage	Cash Payment
05/08	65.88	8.00	5.58	0.00	79.46	8.80	93
05/08	189.95	8.80	12.08	0.00	210.83	7.28	121
05/08	173.00	0.00	31.28	8.00	212.28	5.18	124
05/08	109.80	0.00	28.25	8.00	145.05	18.28	137
05/08	250.88	0.00	25.80	8.00	284.68	8.00	275
05/08	384.35	8.00	36.44	8.00	436.79	8.00	401
05/08	86.98	8.00	5.98	8.00	108.96	7.28	68
05/08	79.00	8.80	7.84	8.80	103.44	5.38	82
05/08	48.80	0.00	18.20	0.80	67.80	11.98	75
05/08	19.85	0.88	22.48	0.80	44.01	38.88	72
05/08	0.00	0.00	8.00	0.80	8.80	5.77	8
05/08	8.88	8.88	54.96	0.80	73.52	35.11	254
05/08	8.80	28.40	0.38	0.38	37.96	7.18	323
05/08	9.80	22.80	0.38	0.38	33.36	15.43	182
05/08	0.80	41.40	8.00	8.00	58.20	31.58	251
05/08	0.88	21.20	8.00	8.00	38.08	8.00	186
05/08	0.00	0.00	0.00	8.00	8.00	8.00	0
05/08	0.00	13.48	8.00	8.00	29.48	22.00	148
05/08	8.00	8.00	128.00	8.00	148.00	8.00	120
05/08	8.00	0.80	53.00	8.00	70.80	8.00	53
05/08	7.80	0.80	48.63	8.00	65.23	4.64	80



### The Costs of Doing Nothing

- Membership stagnation
- Trouble filling membership rolls and tee sheets
- Diminished value to prospective new members
- Continued facility decay
- Higher water and electrical costs
- High repair costs
- Deferred maintenance resulting in larger repairs later

Decision-makers must factor in the costs of doing nothing at all. Putting off needed course upgrades and renovations can lead to membership stagnation or loss, higher costs of selling to prospective members, facility decay, higher operating costs and deferred maintenance and repairs.



## METHODS OF FINANCING

Golf courses have traditionally been financed through the following means, or some combination thereof:

### Standard Internal Methods of Financing

- Positive cash flow
- Savings/capital improvement funds
- Member assessments or loans
- Sales of property or its reconfiguration
- Case-specific opportunities
- Internal staffing

Internal financing options include tapping positive cash flow and savings (often through capital improvement funds); member assessments and loans; case specific opportunities, such as selling off or re-configuring property or other club assets; and using internal staff and other resources to accomplish the work at hand.

Successful clubs can sometimes fund smaller renovation improvements out of positive cash flow, but most clubs need a larger pool from which to draw in order to fund substantial renovations. Many clubs tap savings, often funds set aside in a capital improvement account. In equity club situations, assessments of members, dues increases or no-interest or low-interest loans from members can also provide the need-



Bigwin Island Golf Club, Huntsville, Ontario. 18<sup>th</sup> hole construction.

ed up-front cash. The Riviera Country Club case study included in this piece is an example of such an approach.

### Standard External Methods of Financing

Often, clubs finance their renovation using both internal options and external options, such as bank loans or leases. The Naperville Country Club case study, which is included in this piece and on the *“Excellence Restored: A Guide to Golf Course Renovation”* DVD, is one example of the former approach.

External financing options have increased in recent years, especially as some lenders have become more familiar with the golf industry. These options can include standard loans from



**“You may be surprised that you have the asset or the ability to fund your renovation sitting right underneath you, particularly in land value. A lot of the older courses are in metropolitan areas – or population growth has grown around them – and the underlying land has become very valuable.”**

**Whitney Crouse**  
Managing Partner  
Affiniti Golf Partners



**“The asset that we have is the acreage that we sit on. When we did our bank loan, we had to get an appraisal of our property. Conservatively, it was \$40 million. That’s a tremendous asset, and we used and leveraged that asset to finance the project.”**

**David Tierney**  
Member and Project Manager of Naperville Country Club Course Renovation

banks or other lenders. When it comes to securing bank loans, many courses have found an attractive asset right in their own backyard.

Leasing options have become more sophisticated in recent years, as major manufacturers have enhanced their service to clients. These operations will sometimes provide financing for more than just the costs of their products, helping a club retain working capital in the process. When considering a lease, be sure you understand which party takes the residual risks and tax depreciation.

A full-payout lease typically assigns the residual value risk to the lessee, who also takes the tax depreciation opportunity, should there be one. At the end of a lease term, the lessee can typically purchase the leased equipment for a nominal amount. Generally, full-payout leases are classified as depreciating assets. Consult with your tax advisor about whether or not leasing might make sense for your club and whether depreciation rules can work to your advantage.



**We've seen a huge move to leasing. They've got leases now where you have true leases, where you turn the equipment in after four or five years; and capital leases where you basically pay a dollar and you own it at the end. And that's usually [for] items that you can keep for a long time, like tractors and backhoes. Even lenders, in fact, have some incentives [for] leasing."**

**Whitney Crouse**  
**Affiniti Golf Partners**

Again, when evaluating whether or not a renovation might make financial sense, it is important to remember certain factors that can affect the ultimate cost of a renovation. These include membership growth, added revenue, tax considerations and operating cost savings, plus a more competitive asset.

## Whitney's Top Ten

Whitney Crouse – whose Georgia-based Affiniti Golf Partners owns and operates a host of private, semi-private and public golf clubs – has been involved in many golf course renovations. Here are tips that he offers for decision-makers charged with planning and implementing a golf course renovation.

1. An investment return analysis should be conducted for every expenditure.
2. Renovations often take longer and cost more than expected, so it is wise to factor in at least a 10 percent contingency.
3. Appoint one person with ultimate authority to manage the renovation. Otherwise, politics and personal agendas can get in the way.
4. Be open to alternative means of greens construction. They can work and save lots of money.
5. Line bunkers with gravel and liners. This will save money in the long run and look better as well.
6. Employ used equipment to mow fairways during grow-in.
7. When planning, work backward from the grassing window.
8. Document construction with notes and photographs.
9. Beware of project creep – the tendency to upgrade and add during construction.
10. Good cart paths can cost more, but they last longer.



# GOLF COURSE ITEMS EXPECTED LIFE CYCLE

## HOW LONG SHOULD PARTS OF THE GOLF COURSE LAST?

ITEM	YEARS	ITEM	YEARS
Greens (1)	15 – 30 years	Cart Paths – concrete	15 – 30 years
Bunker Sand	5 – 7 years	Practice Range Tees	5 – 10 years
Irrigation System	10 – 30 years	Tees	15 – 20 years
<i>Irrigation Control System</i>	10 – 15 years	Corrugated Metal Pipes	15 – 30 years
<i>PVC Pipe (under pressure)</i>	10 – 30 years	Bunker Drainage Pipes (3)	5 – 10 years
<i>Pump Station</i>	15 – 20 years	Mulch	1 – 3 years
Cart Paths – asphalt (2)	5 – 10 years (or longer)	Grass (4)	Varies

**NOTES:** (1) Several factors can weigh into the decision to replace greens: accumulation of layers on the surface of the original construction, the desire to convert to new grasses and response to changes in the game from an architectural standpoint (like the interaction between green speed and hole locations). (2) Assumes on-going maintenance beginning 1 – 2 years after installation. (3) Typically replaced because the sand is being changed — while the machinery is there to change sand, it's often a good time to replace the drainage pipes as well. (4) As new grasses enter the marketplace — for example, those that are more drought and disease tolerant — replanting may be appropriate, depending upon the site.

Component life spans can vary depending upon location of the golf course, quality of materials, original installation and past maintenance practices. We encourage golf course leaders to work with their golf course architect, superintendents and others to assess the longevity of their particular course's components.

ASGCA thanks those at the USGA Green Section, Golf Course Builders Association of America, Golf Course Superintendents Association of America and various suppliers for their assistance in compiling this information.

The materials presented on this chart have been reviewed by the following Allied Associations of Golf:

For more information,  
contact ASGCA at  
**262-786-5960** or  
**www.asgca.org**



DATA COMPILED BY ASGCA, 125 NORTH EXECUTIVE DRIVE, SUITE 100, BROOKFIELD, WI 53005

How long should the parts of a golf course last? That question was answered by the Allied Associations of Golf in 2006 with the production of the piece shown above. To order a hard copy, contact ASGCA at 262.786.5960 To view and print this document, go to [www.asgca.org](http://www.asgca.org). Click "Publications," then "Free Publications," and download the "Life Cycle Chart" PDF at the bottom of the page.

## Forecasting Future

**NOTE:** Operating costs for golf courses can vary from course to course and year to year. Under normal circumstances, operating costs rise over time and will rarely go down. During periods of slow economic growth or recession, golf courses usually see a slight decrease of usage or at least do not usually see increased revenue streams during slow periods. Therefore, it is helpful to golf course decision-makers – especially those who might be contemplating a renovation for their courses – to know their present and future operating expenses. The spreadsheet-chart below is a simple but effective tool for forecasting the true costs of replacing infrastructure items that wear out and require replacement. This tool can easily be modified to help particular golf courses calculate future costs on a year-by-year basis. “Forecasting Future Replacement Costs” is not intended to replace the annual budgeting process for golf course maintenance.

	Year Installed	Year Last Replaced	How Long Should it Last? (Life Cycle Projection)	Years to Life Cycle Projection Date
Irrigation System - Pipe, Heads, Wires				
Pump Station				
Control Package				
Fertigation System				
Greenside Bunkers				
Fairway Bunkers				
Greens				
Practice Area Tee				
Par 3 Tees				
Par 4 and 5 Tees				
Trees				
Water Features				
Wetlands				
Environmentally Sensitive Areas				
Cart Paths				
Maintenance Building				
Other				

# Replacement Costs

Cost to Replace (Today's Dollars)	Projected Cost to Replacement (Inflation)	Current Annual Maintenance Cost (Parts, Labor, Etc.)	Current Condition Comment	Forecasted Replacement Cost in Projected Year

**NOTE:** Special thanks to Tom Marzolf, ASGCA, of Fazio Golf Designers for providing the template that formed the basis of the above chart.