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Take the issue of past, present and future value into its appropriate account when something goes wrong at your golf course. GCI contributor Larry Hirsh outlines the vital role you play in post-disaster assessment.

April 27, 2015



When something goes wrong at your golf course — and by that I mean, the course itself has been physically and immutably altered, or stands to be — I'm always struck by the superintendent's reaction.

If a road-widening takes a green away, or some 25-year storm fells dozens of trees, the owner tends to focus on the immediate consequences. But the superintendent is

already thinking several steps ahead. He or she is already figuring out what the next three responses should be, from cleanup, to a possible redesign opportunity, to how this will affect the fertilization schedule and beyond.

The owner and the superintendent typically represent opposite ends of the spectrum when it comes to damage control. This makes sense. Owners see the monetary impact first and foremost. Superintendents deal with unforeseen challenges every day — they move quickly from shock to Plans B, C and D.

The place where I think about this dichotomy most? In court.

Yeah, a court of law. Part of my practice as an appraiser specializing in golf course properties is to provide expert testimony in suits involving golf properties. The range of issues can be pretty wide. Certainly there are plenty of tax assessment appeals — cases where a golf course and some municipal entity disagree on what the property's assessed value should be (which determines the level of taxation). But I've testified during matrimonial disputes, bankruptcy proceedings, condemnations, you name it.

But there's one primary reason I'm there: To help the court determine what the golf property is really worth — or had been worth, before things went wrong.

I'm not sure superintendents and owners take the issue of past, present and future value into its appropriate account when something goes wrong at their golf course properties. If we're honest, this fixation on value is a form of due diligence that, if exercised with more consistency, might save courses a lot of money and better shape the evolution of those courses.

Here's what it comes down to when things go wrong — does the change or modification to the course diminish its desirability in a manner that impacts negatively its ability to generate revenue. That's how owners and supers need to





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think about these issues. If they don't, they're unlikely to make the right choices about what to do in response.

Two examples:

A couple years back, my firm was retained to appraise a course and assess damage stemming from the course's use of Imprelis. As many of you know, use of this selective herbicide product resulted in tree kills on many golf courses. The company that marketed Imprelis, Dupont, ended up settling this matter with dozens of courses, and indeed, this particular suit never made it all the way to court

However, the discussion we had with our course clients proved interesting and important to the club's future. Did the loss of these trees negatively impact its ability to attract golfers? Well, yes and no. As you know, many older courses pay millions to renovate — and part of that process often includes the selective elimination of hundreds of trees. From that perspective, the lack of trees made the course MORE desirable. Many supers will tell you that rampant tree growth diminishes the ability to provide optimum agronomic conditions.

Now, in court, or during a preliminary legal proceeding, a course that loses trees from adverse chemical reactions is probably not arguing that losing trees is a good thing. But here's an example where value — the ability to attract golfers — has been affected and will be affected going forward. Without that understanding, how can a course effectively plan its future?

The road-widening example is more cut and dried — and more common, in my experience. Suppose there's an existing road and the state decides to straighten a curve. In so doing, the state is obliged to chop off two tees and two greens. The state is obliged to compensate the course, but there's always a fight as to how much. Typically, the state doesn't want to know (because it's not in the state's interest to know) anything about golf course value. The state prefers to put some square-foot value on the land it's taking and base compensation on that.

Here again, the value of that lost property isn't really the issue. The issue is how the loss of those two greens and tees will diminish the desirability of playing golf there, the ability to generate revenue there. In order to maintain that desirability, those two holes will need to be replaced or redesigned — that costs money, and so those processes should be involved in any compensation discussion. Perhaps, because of these new physical constraints, even Dr. Alister Mackenzie could not redesign the course to match the pre-existing desirability/revenue-generating potential — that should affect a property's assessed value going forward.

What I'm trying to say here is pretty simple: It's not always in the best interest of a course to bring suit. You could win, you could lose — there is risk. But I've found that it's almost always beneficial to the course to seriously and conscientiously consider its options, all options, in wake of some natural disaster or pending change to the golf course, due to outside forces. Those discussions are invariably critical to calculating the best way forward.

Aesthetics and playability are important factors, but that discussion should begin and end with the maintenance or enhancement of course value.

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