

August 2005

The Fairest Of The Fairways

The unsurpassed, pricey pleasures of private courses

Tucked neatly among the vineyards north of California's Napa Valley lies what Richard J. Guggenime calls "one of the great gifts of the world." To the Bay Area lawyer and avid golfer, not even courses as famously picturesque as Pebble Beach or Torrey Pines compare to the lush green fairways rolling beneath a cerulean sky at **Mayacama Golf Club**.

It's not just the view that appeals to Guggenime. At Mayacama, golfers don't have to make tee times for what *Golf Digest* has rated No. 67 on its list of America's 100 Greatest Golf Courses. Once on the course, they can order glasses of California's finest pinot noir at the turn.

Mayacama, you see, isn't open to just anyone. Although it's one of America's estimated 4,350 private golf courses, Mayacama is far more exclusive than your typical high-end club that charges \$35,000 to \$100,000 to get in. The fees at Mayacama and its ilk are like John Daly's drives: so far beyond most people's reach, they're almost inconceivable. Mayacama; Trump International Golf Club in West Palm Beach, Fla.; Vineyard Golf Club on Martha's Vineyard; Red Sky Golf Club near Vail, Colo.; Dallas National Golf Club; and an elite group of others charge initiation fees of up to \$350,000 and as much as \$18,000 in annual dues.

Oddly enough, such oases have come along at a time when overall golf participation has waned and many clubs have had to offer financial incentives to attract members. The number of public and private courses across the country has expanded from 14,268 in 2000 to an estimated 14,988 this year, according to the National Golf Foundation. But rounds played fell nearly 4%, from 518 million in 2000 to 498 million in 2004 -- the biggest decline in nearly a decade. Play fell 5.2% for the first quarter of 2005 over the same period in 2004. "By all indications, golf is overbuilt," says Frank Vain, president of McMahon Group, a golf club consultant in St. Louis.

Yet that hasn't kept Mayacama or the 30 or so other exalted clubs from thriving. While Ancala Country Club in Scottsdale, Ariz., among others, was forced to slash its initiation fee from \$50,000 to \$35,000 in 2003, Trump International expects to boost its up-front charge from \$300,000 to \$350,000 in October. After all, members with that kind of dough don't have wallets that get easily dented from dips in the economy. "You can finance the [\$175,000] initiation fee," says Patrick B. Donovan, vice-president of Red Sky Golf Club, "but most of our people just come in and write a check."

NO TRICKERY

So what's the formula that drives the success of these super-elite clubs? It's a mix of top-notch service, unbelievable amenities, and luxurious facilities, all wrapped around a first-rate golf course in a region wealthy people flock to. Developers pay a premium -- as much as \$3 million -- to the industry's top designers, including Jack Nicklaus and Tom Fazio, to produce courses that will justify their membership costs. These legends have a knack for building challenging venues without the trickery that renders a course unplayable for amateurs. Plus, their high-cachet names didn't hurt. "It's like buying designer clothes," says John Beckert, CEO of ClubCorp Inc., a Dallas company that develops private clubs. "You're paying a premium for the label, but it's well deserved."

At Dallas National, for example, Fazio took a rare piece of hilly Texas land and fashioned a course that meanders through limestone canyons, with cedar, oak, and elm trees lining the fairways. Compared with the flat Texas plains around it, "it's almost a freakish piece of property," says developer John MacDonald.

At Red Sky, where Fazio himself is a member, golfers get the thrill of smacking drives through the thin mountain air above glitzy Vail. Red Sky is also one of the clubs that has a residential community tied to the course. Although real estate experts say demand for home-lined fairways is decreasing, greens but a chip shot away from a homeowner's backyard can still bump up the cost of a house by 25% to 30%. Mac F. McDonald, the first person to move into Red Sky housing, built a seven-bedroom, \$3 million house on a 12-acre lot, in part because it included the option to buy a club membership -- a privilege otherwise gained by invitation only.

Housing is an afterthought at a place like Vineyard Golf Club on Martha's Vineyard. It became the only full-blown private club on the famous vacation island in 2002. Built on the site of a former dump, the Vineyard project required Martha's Vineyard Golf Partners to spend more than \$50,000 just to clean away old car parts and kitchen appliances to build the all-organic layout (no chemicals are used in caring for the site). More than \$40 million in investment later, it's a serene retreat that mimics British links. With 270 members, the Vineyard club collects more than \$2.7 million a year in dues. The money pays for way more than keeping the greens mowed. The biggest expense of all, in fact, is the payroll. "Being on an island makes it tough to hire staff," says vineyard co-developer Jay M. Swanson, who has had to build housing to accommodate caddies and other year-round employees.

For all of these outfits, a first-rate staff is key to meeting members' expectations. At Red Sky, a valet greets members by name and can immediately direct them to their playing partners. Locker room attendants have the member's clubs polished and ready to go, shoes shined, and new cleats applied. Caddies know not only the nuances of the course but also how they fit a member's game. "Everything needs to be perfect," says Red Sky's Donovan.

Perfection applies to the amenities as well. Trump International and Dallas National have makeshift helipads next to the practice range. Mayacama has secluded, luxurious lodging areas -- casitas, as Mayacama calls its cabins -- so out-of-town members can settle in next to the course. Red Sky homeowners have access to a private ski club called Bachelor Gulch at the base of the mountain at Beaver Creek. More than 50% of Trump International members readily pony up an additional \$150,000 in up-front fees and \$10,000 a year to gain entry into the nearby Mar-a-Lago Club with its pool, spa, palatial clubhouse, and year-round entertainment.

First-rate dining is also a must at these venues. Red Sky boasts the acclaimed Silver Sage restaurant and an on-course "snack shack" that serves panini sandwiches. Mayacama has unrivaled wine offerings, as well as 500 wine lockers in a cave built into a hill, where members can store their own bottles. "We created a place to celebrate wine," says Gerry E. Engle, a partner at Mayacama Golf Club. Whether it's wine or some of the greatest golf in the world, the members of these ritzy clubs are indeed celebrating.