Policy Study No. 260

Getting Greens in the Black:
Golf-course Privatization Trends and Practices

BY LISA SNELL

Executive Summary

From Los Angeles County, with 16 public golf courses operated by private firms, to New York City, with 13 privately operated public courses, local officials are increasingly likely to privatize what *Governing* magazine called "perhaps the most non-essential of the non-essential public services."

Between 1987 and 1995, the number of cities contracting for golf-course services increased by 67 percent, bringing the total fraction of cities contracting for golf operations to around 25 percent.

Privatization of municipal golf facilities includes turning over the operation of whole facilities or particular services to a private vendor to operate in a commercial manner. The city benefits through the receipt of guaranteed revenues and efficient operation of the facility for public benefit and enjoyment.

Reasons why public officials are turning to golf-course privatization include:

- **Cost Savings.** Government rules and practices can drive up costs. For example, golf-management firms typically enjoy discounts on everything from fertilizer to insurance, a concentrated buying power advantage that local governments do not usually possess.
- **Increased Revenues.** From better advertising to programs that speed up play and allow more golfers to use the course, private operators often institute management practices that increase revenues.
- **Increased Quality.** Most golf-course privatizations require the private contractor to make capital investments in the course to improve its quality.
- **Risk Minimization.** In many golf-course privatizations the city gets a guaranteed rent even if the course revenues do not increase. This ensures that during the term of the contract, taxpayers will not be subsidizing the course.
- **Community Outreach.** Most private operators can afford to expand a city's community golf programs and are required to strategically plan these programs as part of the privatization contract.

A commonly asked question is how private contractors make a profit and deliver services at lower costs than the public sector. Profit is most often achieved through the following means:

- Increasing the number of rounds played;
- Cutting overhead costs;
- Purchasing materials and supplies in volume;
- Improving golf-course management techniques;
- Improving course conditions;
- Reinvesting revenues in capital improvements; and
- Increasing productivity by applying industry best practices and efficiency.

While government-run golf courses can make these kinds of improvements, they face many competing demands for scarce government resources. In contrast, a private-management company is focused on generating revenue and has an incentive to actually reinvest in the quality of the golf course to attract more players, host more tournaments, sell more merchandise, and in general increase golf revenues.

Through a careful privatization process, including an evaluation of existing golf-course conditions, a well-written Request For Propsal (RFP), and a cautious and competitive bidding process with clear performance measures written into the privatization contract, communities can have access to affordable, quality municipal golf courses.

Golf Course Conditions Before (left) and After (right) Privatization at Presidio Golf Course, San Francisco

Source: Arnold Palmer Golf Management Company

Part 1

Introduction—The Trends

While most municipal golf courses have not faced extremes like dead bodies in the fairway and abandoned cars littering the greens, as New York City did before privatization, many are running huge deficits, are in poor condition, and face competition from better-maintained privately owned public courses. With too little money or experience to improve their courses, many local governments are considering privatization.

As Charles Mahtesian wrote in a *Governing* article on golf-course privatization: "In places ranging from Los Angeles County, where 16 public courses are privately operated, to New York City, where 13 courses are now run by private firms, officials are increasingly looking to contract out what is perhaps the most non-essential of the non-essential public services."[1] Since most municipalities and city recreation departments lack the in-house expertise to profitably operate and manage golf facilities, golf-course privatization is becoming more common. The Taquitz Creek Municipal Golf Course in Palm Springs, California tells a familiar story. Since Arnold Palmer Golf took over operation of the course in 1995, rounds, revenues, and incomes to the city have significantly exceeded expectations. Since February 1995, which marked the beginning of the contract, revenues have increased 270 percent, rounds have increased 40 percent, and the city has gone from losing $433,000 in 1994 to net revenues of $370,000 in 1997.[2]

Between 1987 and 1995 (the last year data were available), the number of cities contracting for golf-course services increased by almost 67 percent, bringing the total percentage of cities contracting for golf-course operations to around 25 percent (see Figure 1).[3]

The trend toward increased municipal golf-course privatization is being driven by a number of factors including officials' desire for higher-quality courses, greater public-player satisfaction, increases in golf revenue to the municipality, better community outreach, and significant cost savings for the municipality.

A municipal golf course's average gross revenue is $892,000 according to the National Golf Foundation.[4] Golf-management companies claim that average is below most courses' potential and see the nation's 2,500 municipally owned and operated courses as a near $2 billion potential market.[5]

---

1 Charles Mahtesian, "Revenue in the Rough," *Governing*, October 1997, pp. 42-44.

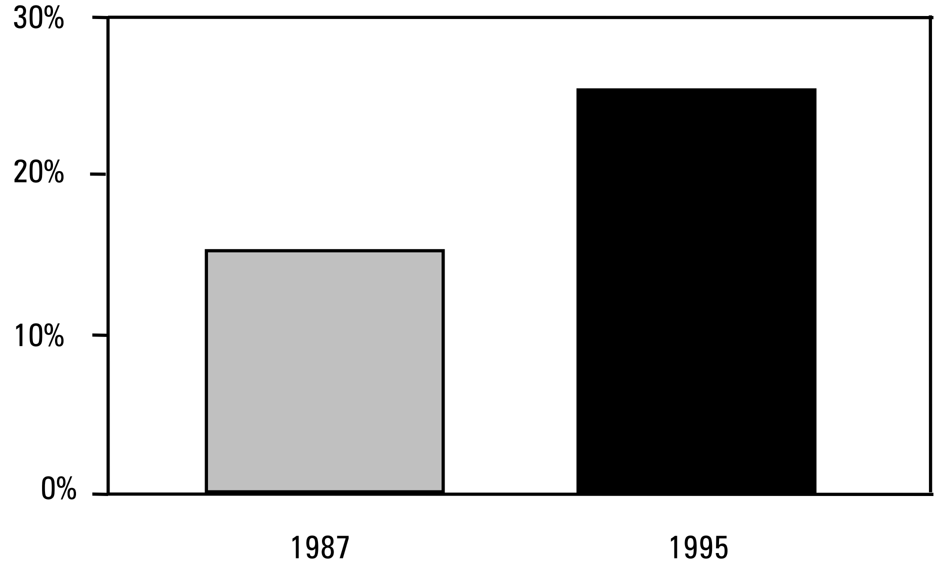
2 Arnold Palmer Golf Management, Internal Document, "Section 10: Relevant Municipal Experience," July, 1998.

3 *Contracting Public Services Survey: 1995 Update* (Atlanta: Mercer Group, 1995).

4 National Golf Foundation, www.ngf.org/faq/, August 12, 1998.

5 Ibid.

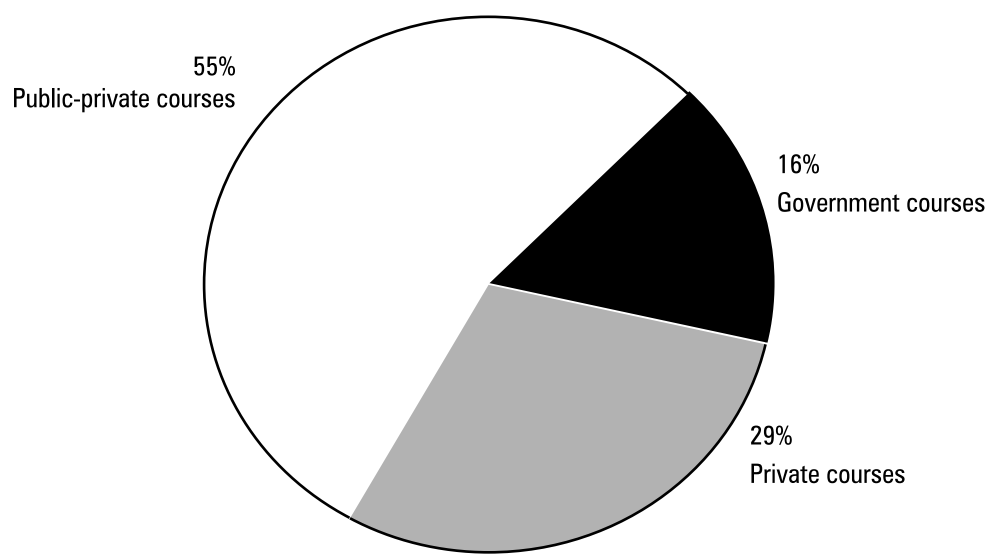
Figure 1: Municipal Golf Course Privatization (Percent of Cities)



Source: *Contracting Public Services Survey: 1995 Update*, Mercer Group, Atlanta.

Public access to golf has grown dramatically. In 1931 there were 5,691 golf courses in the United States, approximately 22 percent of which were open to the public. According to the National Golf Foundation, by 1998 there were a total of 16,010 golf courses, of which 4,698 were private clubs, 8,716 were privately owned courses open to the public, and 2,596 were government-owned (see Figure 2).

Figure 2: U.S. Golf Ownership and Access



Source: National Golf Foundation.

In addition to increases in the number of courses, between 1986 and 1997 the number of golfers increased 24 percent to a total of 27 million.[6] At the end of 1997 there were approximately 932 courses under construction or being expanded, including 125 municipal golf courses. With construction costs ranging from $3 million to $10 million per course, taxpayers could be on the hook for at least $375 million—just for courses under construction.[7] A more-recent trend for municipalities is forming partnerships with private golf companies to finance, build, and operate new municipal golf courses. Under these types of arrangements very little public money is at risk.

---

6 Ibid.

7 Raymond J. Keating, "Fore: Watch Out for Government Golf," *The Freeman,* August 1997, pp. 469-471.

Part 2

Golf-course Privatization Overview

Privatization of golf facilities occurs when a city or county turns over the operation of a facility or a particular service to a private vendor who then operates it in a commercial manner. The city benefits through the receipt of guaranteed revenues and efficient operation of the facility for public benefit and enjoyment.

Private vendors for golf operations range from large corporations to individual entrepreneurs. They can be categorized into three groups:

- **Management Companies**. Large national and international golf companies who manage and own golf and recreational facilities, including companies such as American Golf, Golf Enterprises, Arnold Palmer Golf Management, Kemper Sports Management, and KLS Fairways.
- **Regional Enterprises**. Typically these are small companies located exclusively within a specific geographic area. In Houston, for example, golf contracts were awarded to local companies including BSL Golf, Lopez Management, and Paul Reed Golf. In Atlanta, Classic Golf of Marietta manages two local courses.
- **Entrepreneurial Enterprises**. Golf pros and smaller groups of individuals sometimes own or operate a facility themselves. These operations might include existing employees purchasing the rights to operate the course.

The services provided range from specialized operations (pro shop, driving range) to full-scale management of entire facilities. Generally, the entrepreneurial enterprises engage in the more specialized operations and win concession agreements for specific functions at the golf course, such as food service, while management companies offer more-comprehensive services, controlling both the commercial operations (food, beverage, and retail) as well as golf-course maintenance and development.

The services provided through a private contractor can include:

- **Course Management**. Through the use of private employees or subcontractors, contractors manage all functions of the golf course, including pro shop, driving range, concessions, marketing, facility maintenance, capital development, and the general day-to-day operations of the facility.
- **Commercial Operations**. This includes all commercial enterprises of the facility including sales, rentals, and marketing.

- **Maintenance.** Through either employees or subcontractors, the contractor maintains all facilities including buildings and golf courses, horticulture, agronomy, and major improvements on a course. This includes absorbing the costs for energy and water.
- **Capital Improvements**. This includes the design, contracting, purchase, and project management of all improvements and additions to the course and its facilities.

A private-management company has an incentive to invest in the quality of the golf course because the company gets to keep a percentage of the extra revenue they generate.

A commonly asked question is how private contractors make a profit and deliver services at lower costs than the public sector. Profit is most often achieved through the following means:

- Increasing the number of rounds played;
- Cutting overhead costs;
- Purchasing materials and supplies in volume;
- Improving golf-course management techniques;
- Improving course conditions;
- Actively marketing programs and cooperative arrangements with golf associations;
- Reaching out to local high schools, youth groups, and community groups;
- Reinvesting revenues in capital improvements; and
- Increasing productivity by applying industry best practices and efficiency.

While government-run golf courses can make these kinds of improvements, they face many competing demands for limited government dollars. In contrast, a private-management company has an incentive to actually invest in the quality of the golf course because the company gets to keep a percentage of the extra revenue they generate.

Part 3

Benefits of Privatization

Faced with the inherent difficulties of operating a commercial enterprise in the public sector, public officials are increasingly turning to golf-course privatization. Their decision is aided by the many benefits of privatization.

A. Cost Savings

Many municipalities run their golf courses in the red with huge deficits that are passed on to taxpayers. For example, in 1995 and 1996, Cincinnati's city-owned golf courses lost nearly $1.5 million.[8] One reason for this is that public courses often spend more on payroll than private courses—13 percent more according to National Golf Foundation statistics.[9] The typical municipal facility spends about $80,000 more on annual payroll than a similar privately owned course.[10]

Government rules and practices also drive up costs. At a municipal course in Warren Valley, Michigan, for example, when the course suffered a water-line break, it took a county work crew of 45 people a week to fix it, and cost $30,000.[11] The course manager commented that he could have fixed the water break more quickly and at a lower cost if he had been allowed to use a private contractor.

Some municipalities also have work-rule problems, imposing additional expenses. One municipality had a rule that allowed courses to have only 53 days of temporary employment a year, a policy detrimental to sound golf-course management, which relies heavily on seasonal employees.

Golf-course management companies are able to consolidate many administrative services, including insurance, employee benefits, data processing, and accounting. A firm that owns and operates multiple golf courses can purchase supplies in bulk; operate centralized accounting, personnel, and other support services that serve several golf courses; and take advantage of the economic benefits of their larger size. Golf course management companies often have purchasing arrangements that allow each individual course to participate in volume discounts. These economies of scale result in higher gross margins for the individual golf courses.

---

8 "Golf Division Problems Should Increase Calls for Privatization," *The Cincinnati Enquirer*, November 17, 1996.

9 Matt Milosch, "Can Municipal Golf be Sliced from the Budget," *Michigan Privatization Report,* (Winter 1996), pp. 12-13.

10 Ibid., p.12.

11 Ibid.

Private companies are also more likely to contract out functions that can be performed more cost-effectively by other firms. For example, golf-course operators are likely to contract out advertising to the most-competitive quality vendor in order to increase sales. Thus, a single decision to privatize the golf course can serve to depoliticize a host of smaller-scale contracting-out decisions, each of which might have involved a political wrangle if it had to be made by a government department.

B. Increased Revenues

Most municipalities privatize golf operations to increase revenues and to provide needed capital improvements. David Price, founder of American Golf Corp. explains how he applies a standard business solution to increase revenues: "Spend $1 million or more at the outset to improve the course and related infrastructure, staff the course from parking lot to putting greens with courteous and qualified employees, and market the improvements vigorously."[12] Table 1 provides a comparison of the net revenues received by California cities following privatization of their golf courses.[13]

Table 1: Municipal Net Revenue Comparison

Course Name	City	Last Year Public	Revenue			
			Public Operation	Private Operation (First Year)	1995-1996 (fiscal)	1997 (calendar)
El Dorado	Long Beach	FY/83	(68,918)	201,087	609,714	818,775
La Mirada	Los Angeles	FY/81	155,547	182,558	1,006,537	1,179,972
Los Verdes	Los Angeles	FY/81	94,553	56,412	1,187,307	584,811*
Mountain Meadow	Los Angeles	FY/88	569,233	708,704	1,407,377	1,385,420
Rec Park 18	Long Beach	FY/83	126,249	201,087	690,532	872,248
Rec Park 9	Long Beach	FY/83	24,403	67,029	187,155	273,568

* In 1997, this course reinvested revenues for major capital improvements.

Source: *Privatization 1994: 8th Annual Report on Privatization* and American Golf Corporation.

Of the six examples cited, five cities achieved revenue increases between 24 percent and 400 percent in the first year of private operation.

A private operator often institutes management programs that increase revenues. In Houston, for example, a private firm instituted a program to speed up play. "The city showed 65,000 rounds a year as the most it had. We've averaged 77,000 rounds each year. That's because a guy doesn't have to take five and a half-hours to play a course. We have them doing it in four."[14]

---

12 Albert G. Holzinger, "Entrepreneurs to the Rescue," *Nation's Business*, August 1992.

13 William D. Eggers, *Competitive Government for a Competitive Los Angeles* (Los Angeles: Reason Foundation, November 1994)***;*** Sheri Clarke, Acquisitions Officer, American Golf Corporation, interview with author, August 14, 1998.

13 John O'Leary, ed., *Privatization 1994: 8th Annual Report on Privatization* (Los Angeles: Reason Foundation, 1995), p.15.

14 Ibid.

Private operators also are typically more aggressive at recruiting business groups, charity groups, and avid golfer groups that want to stage golf tournament, in which golfers pay an extra $5 to $10 per head, rent electric carts, and have lunch at the clubhouse.[15] In exchange, golfers often receive "free" promotional items in an effort to develop good will and repeat sales.

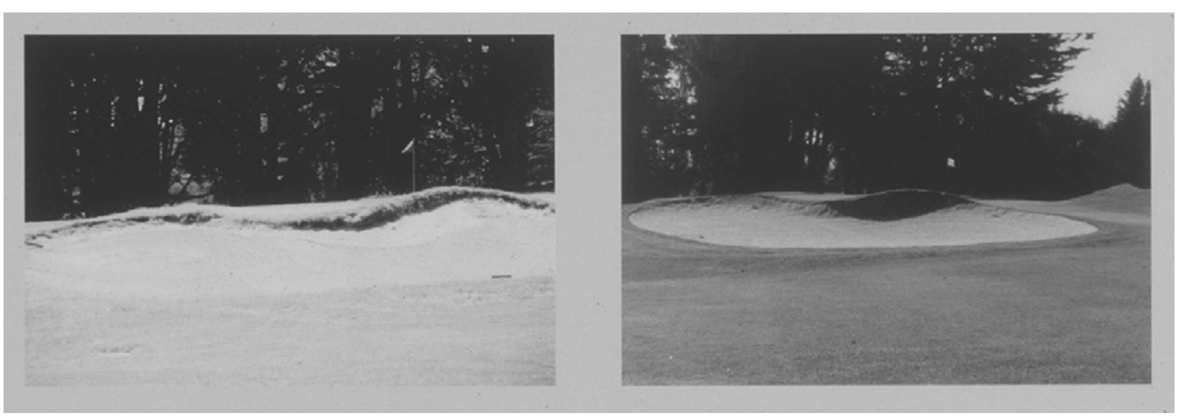
Poor conditions at municipal golf courses often make it difficult for the courses to attract new players. Privatization often offers golfers improved playing conditions.

C. Increased Quality

Poor conditions at municipal golf courses often make it difficult for the courses to attract new players. Most contracts call for an up-front investment in capital improvements, in addition to giving the city a percentage of revenue. For Cleveland's two courses that are under consideration for privatization, for example, American Golf is prepared to invest between $500,000 and $700,000 in initial capital improvements.[16]

Privatization also often offers golfers improved playing conditions. In 1988, Fresno awarded CourseCo Inc. a 10-year lease to operate the Riverside Golf Course.[17] Over the life of the contract, CourseCo has tripled food and beverage sales, increased membership in the Riverside Golf Club from 400 to 900, and increased revenues and net operating income in all income categories in each year of operation. In 1990 Riverside Golf Course received the National Golf Foundation's Public Golf Achievement Award with recognition in two categories: Promotion of Public Golf and Golf Course Maintenance.

Golf Course Conditions Before (left) and After (right) Privatization at Presidio Golf Course, San Francisco



Source: Arnold Palmer Golf Management Company

---

[15] Paul Lieberman, "For Some Golfers It's Worse than a Bogey: Privatization," *Los Angeles Times,* April 11, 1994.

[16] Sheri Clark, Acquisitions Officer, American Golf Corporation, interview with author, August 14, 1998.

[17] CourseCo Company Profile, www.sonic.net/˜caroli/ccobio.html

D. Community Outreach

An added benefit of privatization is that a golf-management company can often afford to invest in more community-outreach programs than the municipality. These special programs include junior golf programs, senior programs, disadvantaged-youth programs, disabled-persons programs, programs tailored to women, and work programs designed to offer golf-course jobs to disadvantaged youth. In addition, most of the larger management companies have already formed national alliances with nonprofit organizations such as the Boys and Girls Clubs, church groups, departments of parks and recreation, and public-school athletics' programs, that serve, women, children, minorities, and at-risk youths. Arnold Palmer Golf's "Spirit of Golf" program, for example, is designed to make the game available to youths, disadvantaged persons, disabled persons, and others who are not represented by the typical golf population.[18] And American Golf has partnered with the LPGA to offer their golf program for underprivileged kids—the LPGA Urban Youth Golf Program.[19] This program stresses "safe, fast, and courteous" golf and instruction is provided at very low cost or for free and equipment is free.

[18] Clark, interview with author.

[19] Ibid.

Innovation often starts with the private-sector golf companies. American Golf was one of the first companies to abandon the long-standing practice of separate tees for men and women.[20] They also began sponsoring a “women in golf day” with free lessons, clinics, and merchandise.

While it is in the best interest of golf companies to reach out to the community through their golf programs, the municipality usually requires some kind of community-outreach proposal and track record as part of the bidding process and as a formal section of the contract.

Some of the typical community-outreach goals a municipality can look for from a private operator include:

- Teaching the game of golf to junior golfers;
- Providing assistance to low-income youth;
- Promoting special events for nonprofit community-based organizations;
- Offering employment and internships to needy and at-risk youths;
- Supporting local junior-golf teams and local youth-services programs.

E. Risk Minimization

A significant problem for municipalities running golf courses is the weather. Harsh off-season weather increases maintenance costs on the greens and fairways, while foul weather during the golf season can cause large revenue losses. In Cincinnati, for example, hot weather and heavy rains during the summer of 1995 and spring of 1996 led to 90,000 fewer rounds of golf and $1.4 million in losses.[21] Cleveland is also considering privatization because of

[20] Ibid.

[21] Mahtesian, “Revenue in the Rough,” p. 42.

the risk associated with bad weather. “If nothing else, it is a better way to manage the risk. The city gets a guaranteed rate of return even if it rains every single day of the year,” says John Sobecki, regional manager for American Golf Corporation, a company vying to take over Cleveland’s two courses.[22]

---

[22] Ibid.

Part 4

Barriers to Golf-course Privatization

A. Affordable Golf

One major objection to golf-course privatization is the notion that the public should have access to golf at an affordable price and that only nonprivatized municipal golf can provide access to all golfers. Golf's reputation as an elitist sport often brings about public outcry over the access and affordability of golf for all social classes. In most cases, however, golf privatization actually increases public access and maintains low rates.

Many private contractors invest in junior golf programs, programs for the disabled, and amateur programs to increase visibility and to establish goodwill within the community. In Chicago, for example, the golf programs for the disabled and annual amateur-women's tournament began only after privatization took place. In other words, because the golf contractor is not operating at a deficit and has the benefit of economies of scale, they actually have more resources to invest in community programs for all types of players.

The most common objection raised by golf-course privatization critics is that privatization will lead to increases in green fees. These fears are not always unfounded. In the absence of city subsidies, fees are sometimes raised to market price. Under most contracts, however, elected officials retain the right to deny fee hikes. There are several strategies for handling the delicate issue of green fees.

- **Fee increases should be tied directly to course improvements.** The emphasis should be on improving the golf course for the average golfer. If the golf community perceives that the golf operator is turning the course into an elite private club, there will be more objections. The goal is to turn the municipal course into a pleasant experience for the average golfer.

- **Course operators should emphasize that the course is becoming privatized—not private.** Let private courses continue to serve the high-end golfer. The goal is not to receive high green fees from a few golfers but to receive moderate fees from many golfers. Even with dramatic improvements—such as the recent renovation of the Presidio golf course in San Francisco (where fees were $35 Monday-Thursday, $45 on Friday, and $55 on Saturday-Sunday)—there appears to be a low threshold for the amount of fee increases the public will actually support without complaints.[23] Usually a course can sustain small increases in fees in exchange for improved conditions.

---

[23] Susan Jaques, "Greener Pastures: Golf Firm Moves to Cash in on New Interest in Sport," *Los Angeles Times*, May 8, 1997.

- **Focus on generating revenue without increasing fees.** Some private golf firms try to generate revenue without large fee increases. American Golf, for example, keeps its prices low—green fees average only $16 nationally. “There is not an infinite supply of golfers with $125 to pay,” says American Golf founder David Price. “Green fees are market-driven, and people vote with their feet very quickly if you’re priced incorrectly.”[24] This trend is not limited to American Golf; contractors spent $5 million to renovate Houston’s Memorial Golf Club, while keeping prices at $25. In Indianapolis contractors invested $3.5 million in Coffin Golf Course, while setting the greens fees at $15.[25]

- **If fees have to be raised they should be raised in relation to prices at other nearby courses.** If the municipal courses charge $28 per round while other courses charge $40, a small increase could be supported—but not approaching the $40 amount. Golfers must perceive that the privatized course still offers the user a good value, especially in relation to the other golf choices available to them. The median cost of a weekend round of golf at an 18-hole municipal course in the United States is $27, including cart and green fees.[26]

- **Green fees should be flexible.** Charge higher fees during peak play periods and decrease fees during off-peak play periods. This gives bargain hunters a chance for lower-priced golf when courses are less crowded. Strategies such as charging nonresidents higher fees and residents lower fees can also be used. This works especially well for courses that attract a large number of nonresident players. The key is flexible green fees that offer golfers a variety of choices in playing times and prices.

---

[24] Ibid.

[25] Ibid.

[26] National Golf Foundation, www.ngf.org/faq/, July 30, 1998.

B. Stakeholder Opposition

In addition to a general perception that golf will become less affordable, the municipality and the golf operators often have to deal with different groups, ranging from senior golfers to public employee unions, who are against the privatization. In Los Angeles, for example, county workers immediately challenged the notion that a private company could increase revenues and generate cost savings at city courses.[27] The city employees argued that the private-sector operators were inflating revenue predictions to win city contracts. Through the competitive-bidding process however, it was demonstrated that the city workers could not give the city as good of a deal as the private operators. And the performance data of the private operators over several years has verified what was promised in the initial bidding process—rents and revenues have increased while costs have decreased.[28]

In Chicago, the golf programs for the disabled and annual amateur-women's tournament began only after privatization took place.

When a golf-course privatization is underway, there are often protest petitions at the public course and flyers warning of "increased cost" and "decreased accessibility."[29] One strategy used in some golf-course privatizations is to host public-information meetings at the course under consideration for privatization. These meetings should include the various golf organizations, labor unions, course employees, local concerned citizens, and golf-course employees. Some of the important topics to discuss include green fees, senior fees, employee issues, secured tee times, changes in existing golf privileges, capital improvements, and other golf-course improvements. This strategy can help diffuse many rumors about the negative implications of the golf-course privatization.[30]

C. Limited Tee Times

Golfers will complain if they perceive privatization will make their local golf course too focused on generating revenue through tournaments or other events that tie up tee times. A balance is necessary between the individual's access to tee times and any golf events that may generate revenue but prevent the average golfer from using the course.

---

27 Eggers, *Competitive Government for a Competitive Los Angeles.*
28 Ibid.
29 Lynnie Cook, "An Alternative Approach to Municipal Golf Course Management," *Parks and Recreation,* April 1996.
30 Ibid.

Part 5

Types of Privatization

Regardless of how a golf-course privatization is structured, the goal of privatization is to make the golf-course operation more efficient, provide higher quality service, and generate higher revenues. Depending on the specific needs of each municipality, the three most common types of golf-course privatization include management contract, long-term lease, and asset sale.

A. Management Contract

Many types of municipal facilities have been outsourced to private operators via short-term (five years or less) management contracts. The contractor receives a management fee from the government agency, which may be based in part on the contractor's performance. The golf-course employees work for the contractor, not the government. The property's operating budget and policies are typically developed by the contractor and approved by the government. Although contracts and financial arrangements vary, gross revenues on a golf course are anywhere from $800,000 to $4 million, with management fees typically ranging from 2 to 6 percent.[31]

Short-term management contracts can present difficulties for contractors who would otherwise make larger investments in golf-course infrastructure. In Belton, Kansas, for example, the city has contracted with Scope Creek Enterprises on a year-to-year lease. The city has received complaints about golf-course maintenance. Scope Creek president Hugh Smith contends that the problem stems from the short term of the lease. With agreements that must be renewed every year, Scope Creek cannot get financing for the permanent watering system and cart paths needed to make the course competitive. Nor would it be in the company's best interest to invest even if it could get financing, because there is no opportunity to amortize the investment on a short-term contract. "Our revenues keep declining each year, people want me to invest large sums of money and I can't do it," he explains.[32]

From the municipality's perspective, a short-term contract may be desirable because it has more control over the contract and a shorter contract ensures periodic competition. But on the negative side, short-term contracts result in higher contract administrative costs and no investment in capital improvements from the contractor. Municipal governments are often forced into short-term contracts because of IRS rule 97-13 which specifies that projects that use certain kinds of municipal funding or bonds cannot lease the operation

---

[31] Kent Hansen Wadsworth, "Strike It Niche!: Municipal Golf Courses," *Journal of Property Management,* vol. 61, no.3, (May/June 1996).

[32] "Belton Seeks Management for Golf Course," *The Kansas City Star*, August 14, 1997.

to a private operator and can only use private vendors for short-term contracts of three years or less with one two-year option.[33]

The benefit of a short-term management contract to the contractor is that the contractor has less financial liability and does not bear the same level of risk associated with other types of privatization. However, if the privatization fails it can still be detrimental to the company as its name and reputation becomes associated with a privatization failure.

The goal of privatization is to make the golf-course operation more efficient, provide higher quality service, and generate higher revenues.

B. Long-term Lease

A private firm that leases a course assumes the operating risk for the property under most long-term agreements. The aim is to shift a significant portion of the risk away from the taxpayers to the private-sector lessee. In exchange for potential profits, the lessee will provide capital infusion to the course and guaranteed rent to the municipality. Appropriately, the private lessee also benefits from profits generated by the leased golf-course facility without the cash investment normally necessary for purchase or development of a new golf course.

The term of the lease is often related to the length of time needed by the private operator to recover capital investments in the golf course and be compensated for the guaranteed payment to the municipality. A lease arrangement transfers the primary responsibility for golf-course operations and development to the private lessee including virtually all aspects of operating risk and liability. In a lease situation, the golf-course user pays fees and charges directly to the lessee, and the lessee must cover its operating and capital improvement costs out of those revenues.

Typically, the lease will call for monthly payments from the lessee to the municipality (lessor) which are a combination of fixed rent and rent calculated as a percentage of revenues.

Since the lessee is responsible for covering the operating cost of the property, operating efficiencies are maximized while the operator maintains the golf course and facilities consistent with the customer's expectations.

C. Asset Sale

The most complete form of privatization is when a municipality sells the golf course outright. The city of Portland, Oregon, for example, sold the city-owned Bath Country Club to BB Golf Holdings for $1.6 million.[34] The city's ownership of the golf course had been controversial for several years, as city officials

[33] Clarke, interview with author.

[34] Mercedes Wesel, "Golf Course Sale Nears Completion," *Portland Press Herald,* January 23, 1996.

invested more than $1 million in the course. The $1.6 million sale price allowed the city to recoup all of the money it had invested and more.

In 1996, New York sold the Radisson Greens Golf Course to International Golf Group for $3.2 million.[35] Taxpayers benefited from the golf course being put on the tax rolls and from local infrastructure improvements paid for from the sale proceeds. Golfers benefit from the course improvements and from the course being open to the public.

Although an asset sale removes the risk of taxpayers having to subsidize money-losing courses and generates revenue through property taxes (in Michigan, the 500 privately financed courses contribute $16 million in tax revenue annually[36]), many cities are reluctant to undertake an asset sale. Explains Paul Henderson, manager of Sacramento County's Mather Golf Course, "if you sell it off, it's gone forever." Even though many municipal golf courses have been heavily subsidized and are not generating a profit, city officials still perceive that they are potential money-makers and a vehicle by which the city can improve the quality of life and give back taxpayer amenities. In fact, golf courses are not a core government function and are adequately provided by the private sector. Local governments should see selling their golf courses as an opportunity to shift resources and efforts from a commercial venture back to the more essential tasks of governing.

---

35 Adrian T. Moore, ed., *Privatization 1996: 10th Annual Privatization Report* (Los Angeles: Reason Foundation, 1997).

36 "Bogey at Warren Valley," Editorial, *The Detroit News*, October 6, 1996.

Part 6

Lessons and Best Practices from Previous Privatizations

There are scores of examples of successful golf-course privatizations and also a number of failures. More than 500 municipalities throughout the United States have successfully completed the privatization process.[37] Much can be learned from their experiences.

A. Los Angeles County, California—Increased Revenue

The County of Los Angeles currently contracts out 16 of its 19 courses. Of these 16 courses, nine are leased to small firms or groups of individuals (mostly local golf pros) and the other seven to larger management firms.[38]

The county started the contracting process as a way to increase revenue, and has been satisfied with the effort. An example of the county's success is the Mountain Meadow Course.[39] Before the course was privatized in fiscal 1989, it was generating revenues of approximately $570,000.[40] After privatization, county revenues increased to $708,000. As of fiscal 1996, Mountain Meadow generated revenues of $1.4 million, more than doubling the profit of the pre-contract year.[41]

B. Detroit, Michigan—Capital Improvements

The city of Detroit has privatized four of its six golf courses. (The city continues to manage two courses.) In the first year of private management, the total revenues generated for the four courses created a surplus of $200,000, compared to a deficit of $500,000, when they were run by the city.[42] *Detroit Free Press* business columnist Doron Levin reported that "America Golf has invested $2 million in improvements and pays the

---

37 Milosch, "Can Municipal Golf Be Sliced From Budget," p.12.

38 Eggers, *Competitive Government for a Competitive Los Angeles*, p. 92.

39 Ibid.

40 Ibid.

41 Ibid.

42 Parks and Recreation Official, City of Detroit, interview with author, March 1997.

city at least $250,000 a year."[43] Rents continue to increase—in 1997 American Golf paid the city of Detroit more than $330,000.[44]

According to Detroit's former director of Recreation and Parks, Dan Krichbaum, "It's been a win-win situation." The new management "improved the condition of the course and increased the number of rounds played," making capital improvements the city could not afford.[45] Krichbaum added that the competition has also improved operations at two courses the city continues to manage.

A key reason Detroit leased out its courses was its inability to make needed capital improvements to the courses. The city reports that the condition of the courses has significantly improved since the private contractor took over.[46] In addition, the public has reacted positively to the improved playing conditions and the more efficient operations. No municipal workers lost employment due to the changes; all were either hired by the private contractor or transferred to other positions within the city.

A key reason Detroit leased out its courses was its inability to make needed capital improvements to the courses.

C. New York City, New York—Rescue from Decreptitude

Since contracting out 13 golf courses, New York City has gone from losing $2 million a year, to realizing a profit of over $2 million a year.[47] Seven of New York's courses are run by American Golf Corporation (AGC). New York City officials are quick to emphasize the disarray and disrepair that the courses were in when run by the city. "Abandoned cars littered the courses, golfers had been mugged on others, and employees spent more time playing cards than working."[48] To date American Golf has invested more than $4.5 million into improving the courses, far in excess of the minimum-contract requirements.

The company overhauled the clubhouses, repaired the irrigation systems, brought in new golf carts, and revamped the pro shops and snack bars.[49] AGC has overhauled cash handling and security procedures, instituted full financial accountability and reporting standards, and as a result, AGC now sets the standard for other city concessionaires. Rounds played at the seven courses have increased by 50 percent—from 300,000 before AGC took over to more than 450,000 in 1997. Before AGC assumed responsibility for the seven

---

43 "Pretty Fair Way to Run a Golf Course," Mackinac Center for Public Policy, www.mackinac.org/mpr/mpr9701/ats4.htm, Winter 1997.

44 Clark, interview with author.

45 "Pretty Fair Way to Run a Golf Course," Mackinac Center for Public Policy, www.mackinac.org/mpr/mpr9701/ats4.htm, Winter 1997.

46 Parks and Recreation Official, interview with author.

47 Clark, interview with author.

48 John O'Leary, "Municipalities Looking to Private Firms for Management of Public Golf Courses," *Privatization Watch*, December 1992.

49 Clark, interview with author.

courses the city was losing $1 million a year on the operating the seven courses. In 1997, AGC paid the city of New York more than $1.7 million in rent for the seven courses.[50]

Privatization did have some initial resistance from club members at these courses, who were afraid they were going to lose their privileges. These problems have worked themselves out. Most of the employees were transferred to other departments or hired by the private contractor. New York City officials attribute the success of the privatization to a strong monitoring program.[51]

D. Chicago, Illinois—User Friendly Access

In Chicago, privatized golf courses and driving ranges posted $279,000 in net income in 1996.[52] Kemper Sports Management turned what was a $530,000 operating deficit on its golf programs in 1992 into a $550,000 profit in 1994 and, despite an abnormally hot summer, $250,000 in 1995. Golf now brings in about $400,000 a year in profits and generates another $ 250,000 a year for capital improvements.[53]

As a result of the capital improvements and more efficient operations (such as computerized reservations), course reservations increased from about 4,000 before privatization to about 40,000 in its second year of operation[54] Kemper runs Chicago's courses under a 10-year lease agreement.

The golf courses have improved dramatically. Prior to privatization there were asphalt tees at Marovitz, security problems at Columbus, and graffiti on the walls at South Shore. Yardage markers were infrequent and largely inaccurate. Conditions were haphazard at all locations and the telephone tee time system was unreliable. In 1993 and 1994, the Kemper management program provided more than $570,000 for capital improvements at the courses and driving ranges. These improvements have included replacing 36 asphalt tees with natural grass, building 15 new tees and 16 new sand bunkers, and putting up a canopy at the Diversey range so golfers can use it year-round. At several courses, golf carts are now available, the instruction programs have been expanded, and Kemper held Chicago's first ever Women's Amateur Tournament.[55]

E. San Francisco, California—Environmental Innovation

In 1995, Arnold Palmer Golf was selected by the National Park Service to invest over $4 million in capital to renovate and operate the Presidio Golf Course in San Francisco. The course was opened for public play in 1995 for the first time in its 100-year history as a military course. To date Arnold Palmer Golf has invested over $6 million in course improvements without closing the course or interrupting play.[56] The capital

---

[50] Ibid.

[51] O'Leary, "Municipalities Looking to Private Firms for Management of Public Golf Courses."

[52] Len Ziehm, "Big Strides for Big 45: Tour of City's Nine-hole Course Reveals Progress," *Chicago Sun-Times,* July 20, 1997.

[53] Mark Brown, "Golf Course Privatization Lagging," *Chicago Sun-Times,* April 20,1998.

[54] Wadsworth, "Strike it Niche!: Municipal Golf Courses."

[55] William D. Eggers, ed., *Cutting Local Government Through Competition and Privatization* (Sacramento: California Chamber of Commerce, 1997).

[56] Margerie Kalman, Arnold Palmer Golf, interview with author, August 2, 1998.

improvements include a three-phase project. First came a refurbishing of the two nine-hole courses including a $1.1 million irrigation system; the second phase included a 45-stall practice range featuring three tiers of grass tees and five target greens; the final phase will be the completion of a 7,000 square foot clubhouse with underground golf cart storage. In 1996-1997 the Presido has doubled the income to the National Park Service and surpassed their original revenue projections by 13 percent.[57] Rounds have increased 250 percent since 1995 and revenues have increased by 550 percent. The Presidio Course is currently supporting 68,000 rounds per year and bringing in annual revenues of approximately $5 million.[58]

Arnold Palmer Golf is using the Presidio as a demonstration project for implementing environmentally friendly programs that can be utilized by golf courses throughout the nation.

In partnership with the Center for Resource Management, a nonprofit group which helps develop working relationships between industry and environmental groups, Arnold Palmer Golf is using the Presidio as a demonstration project for implementing environmentally friendly programs that can be utilized by golf courses throughout the nation. Specific environmental innovations include a multi-phased water conservation and management program based on a state-of-the-art irrigation system; a weather monitoring system providing the exact amount of water required, and the use of reclaimed water when available; the incorporation of a least-impact turf maintenance program aimed at preserving the quality of the grounds; and implementation of a chemical-applications management plan to control chemical use and minimize pesticide use. Based on Arnold Palmer's innovative environmental practices, the Presidio Golf Course was selected as one of nine winners of the 1996 Environmental Achievement Awards by the San Francisco Green Ribbon panel, a nonprofit group of environmental professionals from the business community and the public sector.[59]

Arnold Palmer's management plan has been designed to provide maximum public access to the game. Programs include a project with the San Francisco police to bring golf to 'at risk' youths and partnerships with community-based groups—such as the Center of Independent Living and Whistlestop Wheels—to provide easier access to seniors and the disabled.

Arnold Palmer Golf's approach to managing the Presidio course is also customer-oriented. Amenities includes a free "Palmer Shuttle" to provide transit to the course and other points in the park, and, in time, there will even be a staff pro "walking the range" to offer swing advice at no charge.

San Francisco's entire parks and recreation program also benefits from the privatization. Palmer Golf's maintenance staff regularly shares state-of-the-art maintenance equipment with the city for use on softball fields and other open spaces and lends expertise in recreational services to the Gordon F. Moore Park.

---

57 Ibid.

58 Ibid.

59 Ibid.

Part 7

The Privatization Process

Successfully transitioning from public golf-course management to private management requires an extensive evaluation of the existing operations of the golf course. The government needs to evaluate how current golf operations are working and determine which type of privatization is best suited for the municipality's specific situation. Should the golf course be sold outright or leased through a long-term or a short-term management contract? Making these types of decisions depends on specific factors such as city budgets, local economies, and political climate that will be unique to each municipality.

A. Cost Analysis

Since one reason for contracting is to achieve cost savings, understanding current costs determines whether privatization will generate savings. The in-house costs are then compared against estimates of all direct costs associated with private management, plus any administrative costs associated with implementing and monitoring the golf-course privatization.[60]

This task is difficult because the public sector often underestimates the cost of providing a particular service by as much as 30 percent.[61] Golf is no exception. The federal government, for example, owns 300 golf courses and claims it makes money on its golf courses.[62] Outside groups, however, have noted that when properly accounting for all costs, these courses lose about $60 million a year.[63] Since staff, salaries, and resources are often spread throughout parks and recreation departments, it is often difficult to tell where the resources are spent.

In Denver, for instance, one park official announced that the city would earn $1 million from golf operations, while an official from the city auditor's office argued that the courses would actually lose $400,000.[64] Similarly, in Buffalo one city council member estimated that it cost the city about $300,000 annually to operate the golf courses, while another council member estimated that the cost was closer to $400,000 or

---

[60] See Lawrence Martin, *How to Compare Costs Between In-House and Contracted Services,* How-to-Guide No. 4 (Los Angeles: Reason Foundation, March 1993).

[61] Lawrence Martin, "A Proposed Methodology for Comparing the Costs of Government Versus Contract Service Delivery," *Municipal Yearbook 1992* (Washington, D.C.: International City/County Management Association, 1992).

[62] Keating, "Fore: Watch Out for Government Golf," p. 470.

[63] Ibid.

[64] Mahtesian, "Revenue in the Rough," p. 42.

even $500,000 since some park workers and equipment not specially assigned to the courses still perform duties associated with the courses.[65]

B. Structuring the RFP

One of the most important elements of a successful golf-course privatization is a well-written Request For Proposal (RFP). The RFP must identify each activity that occurs in golf operations and define the specifications for the performance of those activities. The following are important provisions to consider in an RFP:

Existing Conditions. The RFP should describe the background and existing conditions of the golf course as well as a date at which prospective bidders can attend a site meeting.

Fixed Payment. With the exception of an asset sale, the city should be guaranteed a payment for each month. The amount is generally arrived at using a combination of three different standards: 1) A set dollar amount; 2) A set percentage of the green fees; or 3) A set percentage of all receipts (e.g., 30 percent of green fees, 20 percent of cart rentals, 17 percent of food concessions, etc.). Frequently a contractor will pay the city either an exact dollar amount or a percentage, whichever is larger. The city should be guaranteed a fixed rent payment from the private operator, regardless of whether the contractor makes a profit.

Green Fees. Most contracts have stipulated that the elected government board retains the right to regulate green fees charged for using the course.

Capital Improvements. Often the contractor is required to make all capital improvements on the course, using funds that it is contractually obligated to set aside for this purpose.

Right of First Refusal. Some contracts require the contractor to give the right of first refusal for employment to current employees of the golf course subject to meeting minimum employee qualifications.

Maintenance Requirements. The city often sets the minimum maintenance requirements and playing standards for the facility.

Community Outreach. Some governments require the contractor to enhance community outreach by providing and advertising special programs for youth, seniors, the disadvantaged, and disabled golfers.

Contract Length. Specifies the term of the contract. A common range is 15 to 25 years when capital expenditures are involved.

Management Experience. The contractor should have relevant golf-course management experience and in addition should be able to provide proof of its financial capability, including credit, financial statements, and references. This is to ensure that the contractor provides the public service without interruption.

---

65 Susan Schulman, "City is Considering Privatization of Golf Courses," *The Buffalo News*, March 7, 1996.

Financial Liability. Typically, the contractor is made responsible for all costs, including utilities, phone bills, repairs, insurance, labor, lease equipment, taxes etc.

Accounting Practices. Outline accounting and auditing practices.

Insurance and Performance Bonds. The operator is usually required to hold insurance and be bonded (generally performance bonds are $1,000,000).

Contract Monitoring. Outline the monitoring and performance requirements that will be used in evaluating the provider.

Contract Termination. Government entity retains the right to terminate the contract if the contractor fails to meet certain standards or commits certain acts.

Part 8

Tips for Successful Privatization

A. Competitive Bidding

The bidding process must be fair. Bidding for services should be open and competitive whenever possible and bid awards should be widely publicized. Collusion can be safeguarded against by, for example, prohibiting employees from having any financial or other interest in the contract. In addition, ex-employees can be forbidden from representing others, such as a contractor, before the agency for a specified period. Furthermore, if the bid is to be negotiated, a formal explanation should be prepared of why the agency's interests are best served by the manner proposed.

Several golf privatizations have been tainted by accusations that contractors were selected based on favoritism, or by awarding a generous new contract to a long-time contractor without competitive rebidding. In Houston, for example, the golf community was outraged when a contract was awarded to a contractor who ran the city courses without any rebidding process. Critics argued that the contractor had a questionable record thus far on the other courses and should have faced new competition before obtaining another golf-course contract.[66]

Whether a contract was renewed automatically without a rebidding process, or a vendor was selected with no RFP, most criticisms of specific golf-course privatizations are centered around these fair-competition issues. In addition to community opposition, noncompetitive contracting opens the government entity up to time-consuming and expensive lawsuits that add to the cost of privatization.

Both successful and unsuccessful golf-course privatizations have been marred by accusations of cronyism, contracts traded for campaign contributions, and bid violations. While choosing a contractor by some other method other than the competitive process does not necessarily mean that the privatization will fail, it opens the privatization process up to criticism.

B. Flexibility

Service specifications that define in expansive detail the day-to-day requirements of golf operations prevent private competitors from proposing cost-saving innovations. Most successful contracting processes specify

---

[66] William D. Eggers, *Performance-Based Contracting: Designing State-of-the-Art Contract Administration and Monitoring Systems*, How-to-Guide 17 (Los Angeles: Reason Foundation, May 1997).

performance standards—frequency of service, allowable customer complaint levels, and so on—rather than input standards.

Politicians are often tempted to stick contractors with the same kinds of requirements they impose on their own departments. These include "buy American" requirements, veterans and minority hiring preferences, and stipulations about the "appropriate" level of wages and fringe benefits the contractor can pay their employees. Contractors may even be required to employ all affected city personnel at the same level positions for the same pay for a certain length of time.[67]

If they are to achieve cost savings and productivity gains, private contractors must be given the freedom to operate outside this restrictive framework.

Principles of Successful Contracting

1. Encourage competition.
2. Prohibit employees from having any financial or other interest in the contract.
3. Prohibit ex-employees from representing others, such as a contractor, before the agency. Two years prohibition after leaving the agency may be an appropriate period.
4. Only allow bid openings and awards in an open, public meeting.
5. Since most contracts are awarded based on several quantitative and qualitative criteria (including experience, rent, project concepts, rates to charge, etc.), the municipality should publicize the rationale for the decision.
6. In setting standards, do not use the specification of anyone bidding for the contract.
7. Rely on legal counsel throughout the bidding process.
8. Once the bidding process begins, limit contacts with contractors to the negotiation period.
9. Publicize bid awards widely and vigorously and keep a record of the search for contractors and the bid award.
10. Clearly define evaluation criteria and procedure and stick to the criteria.

Source: William D. Eggers, *Performance-Based Contracting: Designing State-of-the-Art Contract Administration and Monitoring Systems*.

C. Performance Incentives and Penalties

The final key to successful golf-course privatization is an effective contract-monitoring system. Generally, monitoring includes making on-site visits to make sure that the operation and condition of the course meet specified standards. The city of Indianapolis frequently conducts "secret shopping" on its courses and compares course ratings against each other and benchmarks performance standards each month.[68] There are also checks of accounting procedures to ensure that the city is receiving the correct payments.

[67] Ibid.

[68] Ibid.

There should be a clear specification of the desired objectives and a means of holding the provider contractually accountable. There should be financial penalties associated with repeated serious failure to meet objectives and financial incentives and rewards for continuing to meet and exceed objectives. In Houston, for example, a contract required that the private operator employ certified PGA professionals as their golf pros. After one year the contractor still was not using a qualified golf pro, but the contract had no specific consequences to enforce this requirement.[69]

Elements of a Good Monitoring System:

1. Require the contractor to present periodic reports.
2. Review those reports carefully for adherence to the written contract.
3. Compare wage rates and equipment charges for materials or rentals with the contract.
4. Verify that all services, material, labor and equipment were actually received, used, or consumed.
5. Whenever possible, make on-site inspections. Report the results of those inspections, comparing accomplishment to the prescribed specifications.
6. If site inspections are not feasible (as for a personal service contract as an attorney) keep a record of user department satisfaction.
7. Follow up on every complaint.
8. Survey citizen or user satisfaction whenever possible.

Source: William D. Eggers*, Performance-Based Contracting: Designing State-of-the-Art Contract Administration and Monitoring Systems*.

D. Legal issues

Legal issues are most important with contracts to build and operate new courses, but they can also affect contract management, leases, and asset sales. The following “land mines” require investigation during the due diligence period of privatization.[70]

- **Shared-use Arrangements**. Shared road access, utilities or common areas can cause costly dispute if the rights of the parties are not documented carefully. Make sure any “informal” arrangements with course neighbors are perpetual, are put in writing, and on terms favorable to the course owner. Examples include rights-of-way, golf-play easements, utility service agreements, and drainage easements.
- **Zoning and Building Codes**. Make sure all permits and approvals for use of the course and all buildings and facilities are obtained. Examples include subdivision approvals, zoning variances or special exceptions, and building certificates of occupancy.
- **Easements**. Pipeline or utility easements crossing the property may not be clearly located and, if not, can cause concern over future use or expansion of the course facilities. Ask the utility company to locate the easement by survey and agree on its location in a document to be recorded at the courthouse.

---

[69] Bob Burtman, “Fore!” *Houston Press*, January 11, 1996.

[70] This checklist, prepared by George Asimos, Esq., of Saul, Ewing, Remick & Saul, can be used as a guide in avoiding some of the more common legal issues that pop up in transactions involving golf properties. Additional issues may involve equipment leases, pro-shop merchandise, and operating cash on hand at the time of privatization.

- **Memberships**. Clean up or eliminate any special membership deals (such as lifetime memberships) that the private operator would consider undesirable. Make them terminable at your discretion or on short notice. Match dues payments closely with the seasons in which expenses occur, avoiding complex "proration" problems in the sales contract or at closing.
- **Licenses**. Make sure all the licenses needed to operate are in place. Also know the value of the licenses. In some jurisdictions a liquor license, for example, is very valuable, and its value should be included in the price negotiations. Be familiar with whether the licenses can be transferred to a new owner or operator and know the process for transfer.
- **Off-Site Impacts**. Look around the perimeter of the course and determine whether any land uses or proposed developments may affect value. Contractors should negotiate agreements with adjoining landowners to mitigate impact. Architectural control agreements or covenants, landscaping buffers, and shared-use agreements are examples.
- **Boundary Disputes**. Have a surveyor point out any boundary problems and suggest solutions. Examples may be fence or building encroachments or unclear boundary lines. A boundary line agreement with an adjoining neighbor or the relocation of fence structures could solve the problem while time is available.
- **Real-estate Taxes**. Is the property fairly assessed? A tax appeal (if taxes are overassessed) can add substantially to the bottom line because it will affect the “pro forma” financial projections that the buyer is using in negotiations. In many cases, municipal courses are tax exempt. After privatization, they sometimes become taxable. Whether or not the property will be taxable is an issue that also needs to be determined.
- **Litigation.** This is often a warning sign that wards off buyers. Try to have litigation matters settled. If the litigation is being handled by an insurance company, arrange for a letter clarifying their commitment to cover the claim after the privatization.
- **Environmental Impacts**. Consider curing problems raised by an environmental audit while there is time to do it properly and cost-effectively. For example, buyers now routinely require that underground fuel tanks be properly registered with government agencies, if applicable, and sometimes removed before closing, due to the difficulty in detecting and the reluctance to pressure-test old tanks. If not removed, testing and registration of newer underground tanks may suffice.

As always, it is advisable to seek competent and experienced legal counsel to deal with the specific problems of any particular site.

E. Employee Issues

Fair treatment for government golf-course employees is important, both for its own sake and for the political acceptability of privatization. Detailed guidelines are available for dealing with employee transitions.[71] In general, fair treatment requires avoiding layoffs of current employees whenever possible. This can be achieved in a combination of ways: transferring employees to a different position within city government; using attrition; and contracting with private operators who are more likely to hire current employees.

---

[71] John O’Leary and William D. Eggers, *Privatization for Public Employees: Guidelines for Fair Treatment*, How-to-Guide No. 9 (Los Angeles: Reason Foundation, August 1993).

Part 9

Conclusion

Municipal governments throughout the United States are generating revenue and upgrading their community golf facilities through golf-course privatization. Through a careful privatization process, including an evaluation of existing golf-course conditions, a well-written RFP, and a cautious and competitive bidding process with clear performance measures written into the privatization contract, communities can have access to affordable, quality municipal golf.

About the Author

Lisa Snell is a policy analyst at Reason Public Policy Institute, where she is responsible for research on state and local privatization issues, social services, and education. She is the editor of *Privatization Watch*, a monthly newsletter published by RPPI's Privatization Center, and has written numerous articles on privatization.

Other Related RPPI Studies

How to Compare Costs between In-House and Contracted Services, by Lawrence martin, How-to-Guide No. 4, March 1993.

Privatization and Public Employees: Guidelines for Fair Treatment, by John O'Leary and William D. Eggers, August 1993.

Performance-Based Contracting: Designing State-of-the-Art Contract Administration and Monitoring Systems, by William D. Eggers, How-to-Guide No. 17, May 1997.

Policy Study No. 260

Table of Contents