



# Golf Course Questions and Answers

Revised – December 30, 2015

## Hyland Greens Task Force

This document captures questions raised during Hyland Greens Task Force meetings and provides answers from various sources. The questions are organized into two categories: Fact-seeking questions and what-if questions. Answers to the fact-seeking questions can be found below. The what-if questions are more philosophical in nature and included here to spur discussion and thought throughout the process.

### Fact-Seeking Questions

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**Q1** *Are we comparing true costs to other municipal courses? What might be absorbed by the city budget that is not represented in the figures?*

It is difficult to compare costs across other municipal golf courses because some cities absorb some of their golf course costs within their general fund budgets or subsidize their golf courses with property taxes and other forms of funding. As Enterprise Fund facilities, the City of Bloomington’s golf courses have traditionally been expected to cover all of their own costs with user fees and charges. See the attached document for comparisons of budgets among a sampling of nine-hole golf courses in the metro area.

**Q2** *Where are the budget details on staff costs?*

In 2015, the City of Bloomington’s golf operations employed a total of 9 full-time staff. The golf courses employed as many as 50 to 60 staff on a part-time, seasonal basis at the height of the golf season. A report on wages and benefits in 2014 and 2015 is attached.

**Q3** *Where are the budget details on marketing costs? Is there analysis of the marketing initiatives including if they were successful or not? Is the lack of marketing affecting the revenues at Hyland Greens?*

The City budgeted \$5,000 for marketing and advertising in 2015. Staff are currently assessing the marketing initiatives, which included targeted advertisements in City Pages and on Facebook.

**Q4** *How do wages as a percent of other costs compare between courses?*

Wages and benefits account for approximately 66% of Hyland Greens' 2015 budget. See the sample of budgets from area nine-hole golf courses mentioned earlier for information on personnel expenses.

**Q5** *Why is there such a significant difference in green fees?*

There is a difference between the greens fees at Dwan and Hyland Greens because they are different types of golf courses. An 18-hole, par 68 facility can command higher prices than a nine-hole, par 3 facility. The greens fees for Hyland Greens appear to be in line with other par 3 golf courses in the area.

**Q6** *What do the employees at Hyland and Dwan do in winter? What is staff doing during the off-season or during the season as well to help out with revenue?*

The golf courses' full-time staff perform a number of functions during the off-season (typically mid-November through mid-April.) Some employees work at the Dwan restaurant, which is open for breakfast and lunch year-round. They also plan ahead and make purchases for the upcoming season, sell patron and frequent player cards and book outside events for the next golf season. The full-time maintenance crew conducts upkeep and repairs on approximately 100 pieces of equipment ranging from a 1952 forklift to a 2015 aerator. Staff take apart each piece of equipment to perform routine maintenance and replace aging and worn parts. In addition to their maintenance duties, staff occasionally assist the Public Works Department with snowplowing. The Public Works Department directly compensates staff for this duty.

**Q7** *Does the City use the Dwan maintenance building for things other than golf?*

No. The Dwan maintenance building has been used only for maintenance of the golf equipment by golf staff.

**Q8 *What are internal charges?***

Internal service charges are fees paid to other City departments for services they provide to the golf courses. A spreadsheet displaying a break-out of internal charges is enclosed.

**Q9 *Is merchandise for resale profitable?***

The golf courses sell merchandise such as golf balls, tees, caps and gloves at Dwan and Hyland Greens. The merchandise is sold as a convenience to customers and the pricing is kept affordable. The golf courses break even on their merchandise for resale.

**Q10 *Is the Dwan restaurant profitable? What are the differences in profit of the restaurant during the on and off season?***

The Dwan restaurant provides food as a convenience to its patrons and is not profitable. The Dwan restaurant is open for breakfast and lunch year-round. The restaurant's revenues vary between the on and off season. In 2014, the restaurant's revenues reached a high of \$27,198 in July and a low of \$2,509 in February. Recently staff have made adjustments such as reducing portion sizes and cutting back on seasonal staffing to improve the return on food and beverage sales. Staff are currently looking at potential changes at the clubhouse to help the restaurant further reduce its costs.

**Q11 *Do Dwan and Hyland Greens share any costs that aren't shown? Could there be other budget shortfalls that we aren't aware of?***

All costs are shown – Dwan and Hyland Greens do not share any other costs. Staff are not aware of other budget shortfalls.

**Q12 *How would closing Hyland Greens affect the Dwan expenditures? What would happen to Dwan if Hyland closed?***

The potential effects on Dwan's budget would probably be mixed if Hyland Greens were shut down. At least two full-time staff with 100% of their time budgeted to Hyland Greens would be laid off, relieving some budget pressure. However, Dwan would pick up the all of the budget for four full-time staff with a portion of their time coded to Hyland Greens. Dwan might also lose the benefit of having the additional golfing business and cross-promotion that comes with having two golf courses in the city.

**Q13** *What if any capital improvements are needed at Hyland Greens? What do we need for capital expenditures at Hyland?*

Staff have deferred all capital equipment replacement for the next five years. These items include mowers and clubhouse equipment. Staff are not aware of any capital expenditures at Hyland Greens that would require immediate attention.

**Q14** *Would an improved food and beverage service bring in more golfers at Hyland Greens?*

The clubhouse at Hyland Greens sells hot dogs, snacks and beverages. Since the clubhouse does not have a kitchen, the opportunities for improved food and beverage service are limited. Improvements to the clubhouse such as constructing a kitchen would require additional funding; it is not clear if such improvements would attract a significant number of golfers to Hyland Greens.

**Q15** *Is there a teaching expense or income for teaching golf?*

No.

**Q16** *What is our target demographic for Hyland Greens? Are we going to be looking at senior or family usage?*

With its par 3, 9-hole course and driving range, Hyland Greens is considered easy for golfers of all ages and abilities. However, the target market tends to be older adults and youth. Other golfers tend to prefer longer, more challenging courses than Hyland Greens. The City has made efforts in recent years to attract families and older adults by implementing junior passes, family tees, FootGolf and an expanded driving range.

**Q17** *Is there a waning interested in golf?*

The National Golf Foundations reports that while participation in golf has remained relatively flat in the U.S. in the past several years, golfers are playing more rounds when weather permits. See the attached *Golf Participation in the United States 2015 Edition* by the National Golf Foundation for more information. Also attached is a summary of Bloomington demographic data.

**Q18** *Are we taking advantage of the fact that we have two golf courses?*

Yes. The two golf courses share staff and equipment and conduct maintenance and cross-promotional activities. Hyland Greens has its own mowing equipment such as fairway and greens mowers since both golf courses are typically mowed at the same time; other equipment such as aerators and sprayers are shared between the two courses.

**Q19 *What is the offset of automation and use of certain technologies?***

Tee time booking software and websites provide convenience and service for customers who prefer to make reservations online. Implementing such technology can incur set-up fees, online transaction charges and monthly hosting and maintenance payments. Staff are looking into the options for implementing an online booking service in 2016.

**Q20 *Is there a demand base opportunity for increased green fees?***

Possibly for either increased or decreased greens fees or both. Hyland Greens piloted two-for-one discounts during weekend afternoons when business was typically slow. The discount was discontinued when it was determined that golfers who traditionally played before or after the discounted hours moved their tee times into the discounted hours to save money.

**Q21 *What were the outcomes for 2015? Please provide some feedback as far as what was achieved over one year and what still needs to be done.***

See enclosed the updated 2015 Business Plan for a summary.

**Q22 *What can be done for the 2016 golf season as far as specific initiatives that can be brought forth by the Task Force?***

Developing specific initiatives is outside of the charge of the Hyland Greens Task Force. The task force's charge is to develop feedback on the potential options for use of the Hyland Greens facility.

**Q23 *Did they have a marketing plan put together when they made the business presentation for 2016?***

A marketing plan for 2016 is being developed.

**Q24 *What is being done to promote the golf course? For example, why isn't there a sign on the corner of Normandale and 102nd Street promoting the course?***

Staff have been exploring potential signage for the corner of Normandale Boulevard and 102<sup>nd</sup> Street that would comply with the City's rules for signage type, size and location.

**Q25 *In the face of increasing competition, why were footgolf rates increased 33% from 2014 to 2015?***

The fees for both golf courses are approved by the City Council in December of each year. Hyland Greens was one of the first golf courses in the metro area to install a footgolf course. At the time the 2015 rates for footgolf were approved by the City Council in December 2014, there

were just two golf courses offering the sport; as of the 2015 golf season, there were approximately 20 courses offering it. Footgolf was very popular at Hyland Greens in 2014, with 7,749 rounds played. As a result, the fee for footgolf increased from \$10 in 2014 to \$12 in 2015; the rate for juniors and seniors increased from \$8 in 2014 to \$10 in 2015.

***Q26 When maintenance staff work for Public Works, it was stated that Public Works compensates for them. Is the golf fund credited or do they receive full pay from the golf operation?***

Maintenance staff has provided snowplowing assistance on an overtime basis to the City's Public Works Department during snow emergencies. Staff is compensated directly by Public Works; no compensation is provided by the Golf Fund for this work.

***Q27 Please explain in more detail the duties and responsibilities of the 9 full time staff. Why does Hyland need two full-time staff?***

Position descriptions for the nine full-time staff can be found on the Hyland Greens Task Force web page. Hyland Greens has two full-time staff dedicated solely to the golf course – an assistant golf course maintenance superintendent and a maintenance worker. These staff provide full-time maintenance of the golf course and driving range.

***Q28 Have you asked any professional managers about managing both Dwan and Hyland Greens?***

While discussions with private management companies have focused primarily on Hyland Greens, there has been some interest in the possibility of managing Dwan as well.

***Q29 There are a number of privately-owned Twin Cities golf courses that are open to the public. Have you asked any of these courses how many full-time staff they have and possibly any other cost saving and marketing tips they would be willing to share?***

The golf course management routinely consults with other courses, both public and private, on golf course matters. The managers are members of the PGA and attend meetings of the Minnesota Section of the PGA to learn industry best practices about employment, marketing, budgeting, operations and maintenance.

***Q30 Why are golf carts leased rather than purchased? Have anyone done an analysis to see how much more profitable it would be to purchase the golf carts and use for 4-5 years?***

The City has found that it is more beneficial to the golf courses to lease rather than to own golf carts. Between 2012 and 2015, the net profits from leasing golf carts were approximately \$120,000 greater than they would have been if the City had owned them. Also, the City is not

responsible for the costs of routine maintenance, parts and service under its current lease agreement, nor does it have to store carts during the winter months.

***Q31 Why do the golf courses close so early in the evening?***

The last tee time is two hours prior to sunset, the time it takes to play nine holes. The golf courses have found that players wanting the last tee times are typically more interested in practicing rather than playing golf – hitting two or three balls on each hole and not fixing divots or repairing ball marks. Also, there is a tendency for these golfers to play three to five holes without paying. It is not uncommon to have staff go out on the course and bring players in after dark; leaving players on the course after dark is unsafe and creates a liability for the City.

***Q32 Why isn't there a separate website for golf operations other than the City site? Both courses have leagues that are not promoted on the website.***

The City of Bloomington maintains one cohesive, branded website for its services and programs. In general, separate websites are not in line with the City's branding goals. Setting up separate websites would incur ongoing web hosting charges as well as editorial and content management that would require additional staff resources. Until recently, there was a link on the website for the Dwan Men's Club; it was inadvertently removed during changes to the City's website and will be placed back on the site. Staff have promoted the women's and Hyland leagues upon request. The Dwan Men's Club is the only league with a website.

***Q33 Have you requested bids for purchasing and installing a tee time booking software system in 2016?***

The golf courses will be implementing an online, tee time reservation system for the 2016 golf season.

***Q34 The 2015 budget for Dwan and Hyland Greens includes \$36,355 for information services and web. What are the golf courses getting for such charges?***

The entire Information Systems budget is divided out based on how many computers and printers are located within each department. For that fee, the departments receive support for software, maintenance and replacement of computers and printers.

***Q35 Why are there \$36,261 of motor pool charges in the 2015 budget for both courses?***

The Motor Pool budget is based on vehicles that are serviced by the City's internal, central garage for oil changes, insurance, new tires, etc.

**Q36** *How much of the \$271,395 internal service charges for the golf operation would actually go away if neither golf course existed?*

Supporting service charges for administrative, finance, legal and human resources support would be reallocated across the City if there were no golf courses. Motor Pool charges would be eliminated because there would be less work and less insurance for fewer vehicles in the fleet. Information Systems charges would be reallocated across the City to cover the IS budget.

**Q37** *How much flexibility does the Golf Manager have in adjusting rates on slow play days?*

The golf course manager has no flexibility in adjusting rates. Rate changes must be approved by the City Council.

**Q38** *Does the Golf Manager have any incentive compensation to increase rates or reduce expenses in order to improve profitability?*

Unlike private courses, the City's Golf Manager does not receive any compensation incentive. In recent years, expenses have been reduced by eliminating two full-time positions and decreasing part-time hours. Greens and motor cart rates were increased at Hyland Greens and Dwan in 2015.

**Q39** *The 2016 budget for golf operations shows a profit of \$47,738 without the property tax subsidy is all internal service charges are backed out. Why is this a problem?*

All internal service charges cannot be backed out. The golf courses use services that need to be paid for in order to arrive at an accurate allocation of costs of operation.

**Q40** *Can staff be moved to other City operations to more fully utilize them? Could some expenses be shared and reduced with operations like the Bloomington Ice Garden?*

Staff have been shared on an as-needed basis with other City departments in the past, including the Bloomington Ice Garden. The City has also eliminated two positions at the golf courses in order to reduce expenses.

**Q41** *What other City of Bloomington properties are considered "Enterprise Fund Facilities"?*

In addition to the two golf courses, the City of Bloomington's Enterprise Funds include the Bloomington Center for the Arts, the aquatics facilities (pool and beach) and the Bloomington Ice Garden. Water, Wastewater, Storm Water, Solid Waste, Motor Vehicle Licensing and Police Contractual are also considered Enterprise Funds.

***Q42 What is annual attendance at the Bloomington Family Aquatic Center?***

In 2015, the Bloomington Family Aquatic Center had 53,361 visits.

***Q43 What is annual attendance at the Center for the Arts?***

Total estimated attendance at the Center for the Arts in 2015 is expected to be approximately 187,000.

***Q44 What is annual attendance at the Bloomington Ice Garden?***

The average annual attendance at the Bloomington Ice Garden is 800,000 patrons and visitors.

***Q45 What is the annual attendance at Creekside Community Center? What would be the projected attendance at a new community center?***

Total attendance at Creekside Community Center is projected to be 180,000 in 2015. It is not known at this time what attendance would be if the City were to build a new community center. A Community Center Task Force has been appointed by the City Council to look into the potential for building a community center and will start meeting in 2016.

***Q46 The City has 925 acres of City parks in addition to the 163 acres for the golf courses. Have any of these parks that do not generate revenue been considered for alternative uses?***

The City of Bloomington has approximately 3,788 acres of parkland and open space in the community. The future plans for these parklands and open spaces are detailed in the Bloomington Parks and Recreation Master Plan that was approved by the City Council on April 21, 2008. There are no current plans to utilize any of the parklands for non-park and recreation (alternative) uses.

***Q47 How much would be saved if the Dwan clubhouse were closed during the winter when the course is closed?***

Staff are conducting an analysis on the financial impact to Dwan's budget if the clubhouse were closed for business during the winter months.

***Q48 Bloomington Parks and Recreation oversees numerous additional outdoor athletic and recreation facilities. How many additional acres are being managed? What revenue is generated by these facilities? What expenditures are created by these facilities?***

There are approximately 3,788 acres of parkland and open space in the City. By subtracting the 152.8 acres for the two golf courses from the total of 3,788 acres, a remaining 3,635.2 acres of

parkland and open space are managed by the City. For 2015, an estimated \$980,627 will be generated in revenues and \$6,895,789 in expenditures for a net tax subsidy of \$5,915,162. The above figures do not include the pool, Bush Lake Beach, indoor adult sports programs. It also does not include the School District's Galaxy Youth Center program for which the City provides financial support.

***Q49 What are the job descriptions and salaries and benefits of the 2 full-time employees at Hyland Greens during the golf off-season?***

There are two full-time employees with 100% of their time supported by Hyland Greens: Assistant Golf Course Maintenance Superintendent and Maintenance Worker. Job descriptions for both positions are located on the Hyland Greens Task Force web page as are their salaries and benefits. During the off season, these employees perform routine maintenance and repairs to the golf course equipment as noted in Question #6.

***Q50 Are there any part-time employees of the City of Bloomington who have a portion of their salary or benefits charged to Hyland Greens during the golf off-season?***

No.

***Q51 Are there any internal charges to Hyland Greens during the off-season? If so, what are the charges?***

All internal charges are paid on a monthly basis throughout the year in equal amounts. Internal charges are support services for administration, finance, legal and human resources expenses, copier replacement, motor pool, information systems operations and replacement, website, web access, mail service, telephones, insurance and print shop.

***Q52 Who establishes the business plan for Hyland Greens and Dwan each year?***

The golf courses' management works with the Community Services Department's administration to establish the annual business plan.

***Q53 What methods are used by the City of Bloomington to evaluate each of these items over time as a means of assessing strengths, weaknesses, opportunities and threats?***

The business plan is used as an assessment and evaluation tool by golf course staff and City administration. Meetings are held with Finance staff and the City Manager during the year to assess the business outlook, potential threats, areas of weakness, opportunities for enhancing revenues and decreasing expenses.

**Q54 What services could an outside consultant provide beyond what City staff could provide?**

A consultant could advise on ways to improve operations and maintenance, maximize usage of the golf course and expand marketing. The cost for such services could range up to \$50,000. The return on investment is not known.

**Q55 Is Hyland Greens' classification as an Enterprise Fund nonnegotiable?**

The classification of the golf courses as an Enterprise Fund is part of Generally Accepted Accounting Principles (GAAP). The following definition of an Enterprise Fund comes from the book *Governmental Accounting, Auditing and Financial Reporting (GAAFR)*, which incorporates the guidance of the Governmental Accounting Standards Board:

"GAAP provide that *enterprise funds* 'may be used to report any activity for which a fee is charged to external users for goods or services' [emphasis added]. Furthermore, a given activity *must* be accounted for in an enterprise fund if it meets *any* of the following criteria (in the context of its principle funding sources):

- There is an outstanding debt that is backed *solely* by fees and charges;
- Laws or regulations require that fees and charges be set to recover costs, including capital costs (depreciation and debt service); or
- There is a pricing policy that fees and charges be set to recover costs, including capital costs (depreciation or debt service)."

**Q56 Is the land that Hyland Greens sits on considered park land?**

The land is included as an element of the City's Park Master Plan.

**Q57 Has the City ever sought outside advice in order to make Hyland a more successful entity in the last 10 years?**

Yes.

**Q58 Is there a business plan for Hyland Greens in 2016?**

Yes.

**Q59 Has the City ever reached out to users of Hyland Greens to determine what they would like to see at the golf course?**

Golf staff has informally reached out to the users of the Hyland facility to determine what they want at the golf course. A formal approach to solicit golfer opinions (e.g., surveys, etc.) has not been undertaken.

**Q60** *When the old driving range was discontinued, what plans were made for the vacant space?*

No plans were put into place for the use of the old driving range property when the new driving range was completed.

**Q61** *How can \$200,000 be cut from the budgets of Dwan and Hyland Greens and still maintain services?*

Cutting \$200,000 from the golf budget is likely to result in a reduction of maintenance and customer service at both courses, and could in turn reduce golfer satisfaction and revenues.

**Q62** *How will Hyland Greens be able to maintain its facilities in the long term given its budget shortfalls?*

At this moment, there is no money available in Hyland Greens' working capital fund for capital improvements at the golf course.

**Q63** *Can internal charges be eliminated from Hyland Greens' budget?*

Internal charges represent a cost of doing business that must be borne whether the golf courses are managed by a public or private entity. The task force may ask that Council consider directing staff to exempt golf operations from these charges, but asking for such an exemption could result in subsidizing these expenses via property taxes.

## What-If Questions

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- Q1 Are there alternative uses that we could consider like cross country skiing, tubing or a sliding hill? Is there a way to create a complimentary use or turn the facility into a multi-use facility?*
- Q2 What alternative uses there might be for Hyland Greens?*
- Q3 Should we be targeting our parks and recreation facilities for more of an aging population?*
- Q4 Is subsidizing golf a good idea?*
- Q5 Would more marketing enhance revenues at Hyland Greens?*
- Q6 Can golf be self-sustaining? If it cannot, what is the appetite to subsidize and at what level?*
- Q7 Is the community of Bloomington committed to the sport? Or are we committed to a specific population?*
- Q8 If Hyland Greens did not exist anymore where would children learn to play golf?*