



Golf Course Questions and Answers

October 28, 2015 Questions

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

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 102nd Street that would comply with the City's rules for signage type, size and location.

What-If Questions

- 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?*