

Recreation Facilities – Golf Courses

Updated with comments – 11/06/15

SERVICE DESCRIPTION

Dwan Golf Club is an 18-hole regulation length golf course with a par of 68. In 2012, Hyland Greens Golf and Learning Center became a 9-hole, par 3 course and with a 36-station training and practice facility.

MARKET ANALYSIS

DWAN

Capacity

- Dwan is the busiest 18-hole public golf course in Minnesota.
- There were 36,423 rounds of golf played at Dwan in 2013 compared to 41,872 rounds in 2012.
- Golf is very weather-dependent and seasonal –as a result of a prolonged winter in 2013, Bloomington’s golf courses didn’t open until April 26, the latest opening in at least 24 years and approximately 3 weeks behind schedule.
- Heavy rains through June dampened attendance during the 2014 season.
- The maximum capacity at Dwan is 67,780 players over a 210-day season.
- The most golf rounds Dwan has ever sold in a single year was 62,618 in 2000.
- Dwan operated at 54% of capacity in 2013.
- The break-even point for 2014 is approximately 39,000 players.

Competition

- Dwan’s competition is all public golf courses in a 25-mile radius; there are 64 public golf courses and 23 private golf courses within 25 miles of Bloomington.
- Dwan’s major competitors are:
 - Meadowbrook, Minneapolis (18 holes)
 - Braemar, Edina (27 holes plus executive 9)
 - Bunker Hills, Coon Rapids (27 holes + executive 9)
 - Majestic Oaks, Ham Lake (36 holes)
- The City of Plymouth closed Elm Creek Golf Course at the end of the 2013 season and rezoned the land for single-family housing development.

HYLAND GREENS

Background

- The total number of rounds played at Hyland Greens in 2013 was 20,378 compared to 21,314 in 2012.

- Driving range revenues at Hyland Greens were \$97,178 in 2013 compared to \$90,920 in 2012 (the expanded practice and training facility opened on June 9, 2012).

Competition

- Hyland Greens' major competitors are par 3 golf courses within a 15-mile radius of Bloomington :
 - Braemar, Edina (Braemar Executive 9 and Fred Richards Executive 9)
 - Stonebrooke, Shakopee
 - Brookview, Golden Valley
 - Halla Greens, Chanhassen
- The major competitors for the practice facility at Hyland Greens are:
 - Braemar, Edina
 - Brookview, Golden Valley
 - Rain & Shine, Savage
- Fred Richards Golf Course in Edina is scheduled to close at the end of the 2014 golf season.

Capacity

- The maximum capacity at Hyland Greens is 67,780 rounds on the outside 9.
- The most rounds Hyland Greens has ever sold in a single year was 59,961 in 2000.
- The break-even point at Hyland Greens is 22,822 players.

GOLF TRENDS

- Weather continued to wreak havoc on the golfing season in 2014 – June 2014 was the wettest June on record in Minnesota, and June 19 was the sixth wettest calendar day on record in the Twin Cities with 4.13 inches of rain recorded.
- Meadowbrook and Hiawatha golf courses in Minneapolis were closed to the public in mid-June due to flooding and could remain closed through the rest of the 2014 season.
- According to the National Golf Foundation's golf participation study, there were 25.3 million golfers in the U.S. ages 6 and above in 2012, down from 26.1 million in 2010.
- An average of 31,720 rounds was played per 18-hole equivalent in the U.S. in 2013; that is 1,646 rounds per unit less than in 2012.
- As of January 1, 2014, there were 15,516 golf facilities in the U.S., 11,505 of which were open to the public (of which 2,467 were municipal courses.)
- According to a survey of golf course superintendents conducted by Golf Course Industry in 2013, 42% made money, 28% broke even and 30% lost money.
- 2013 was the eighth consecutive year of net golf club closings around the U.S. according to the National Golf Foundation, with 157 closings and 14 openings.

- Factors contributing to golf club closings include changing family dynamics, overbuilding in the late 1990s and an absence of lenders.
- Golf clubs in the U.S. that have held up best are those in densely populated areas with limited land on which to develop; those worse off are those developed in the last 15 years as part of a remote residential community.
- While the overall Golf Course Industry data indicates that the industry is on the road to recovery, only a slim number of courses surveyed in 2013 indicated that they had recovered fully (11%) and were actually ahead of pre-recession business levels (10%).
- Golf's popularity peaked in 2005 and has been declining every year since.
- There has been a net loss of four million golfers, and 643 courses closed nationally since 2006, according to the National Golf Foundation.
- According to the Minnesota Golf Association, 41 new courses opened in Minnesota from 2000-2006, but just one – Wedgewood Cove in Albert Lea – has opened since then.
- The last course to open in the metro area was the Meadows at Mystic Lake in 2005; since then, 15 Minnesota courses have closed.
- The National Golf Foundation has found that 18-hole courses with 4,000 golfers within a ten-mile radius are more likely to be financially stable.
- The median course in the U.S. was built in 1969; course renovations are becoming more common than new construction.

FORECAST

- After a difficult couple of years, the golf industry is expected to experience improved performance because of a stronger business environment and rising incomes, consumer sentiment and more leisure time.
- The oversupply of golf courses has shrunk, and renewed demand will translate into rising course revenue and facility improvement.
- Golf Course Industry survey respondents said the top three factors impacting the future health of their facilities is lack of marketing, slow play and round discounting by competitors.
- Continuous competitive pressures from larger establishments will likely force many smaller players to exit the industry.
- The National Golf Foundation expects that the U.S. will add 3-4 million golfers over the next 20 years, primarily attributable to the retiring Baby Boomers.
- The National Golf Foundation expects that the average number of golfers per course may only rise by 150 to 200 golfers, but rounds will increase because of the aging population with more time on their hands.
- Heightened demand for competing outdoor sports will limit industry growth.
- Modifications such as six and nine hole formats, charging by the hour and 15-inch holes are intended to accelerate the game of golf and attract more business.

- Courses are adding other innovations such as foot golf and lawn bowling to bring in new customers and non-golfers to their venues.

COMMUNITY VISION

Our vision is the ongoing building and renewal of Bloomington as a vital community, whose strength is its diversity – 90,000 to 100,000 residents with 120,000 to 130,000 jobs situated in a robust metropolitan region.

ORGANIZATION MISSION

Our mission is to be a positive, professional, productive, learning organization building community and its renewal by providing quality services at an affordable price.

FUND MISSION STATEMENT

Our objective is to provide the highest quality golf experience possible for the most reasonable price at Dwan Golf Club and Hyland Greens Golf Course.

DESIRED OUTCOMES

1. To sell between 40,000 to 45,000 rounds of golf per year at Dwan and 22,000 rounds of golf per year at Hyland Greens.
2. To provide cost-effective golfing services.
3. To ensure that golf course expenditures are supported by their own revenue stream.
4. To balance making an operating profit with making the fees competitive with area golf courses.
5. To offer the opportunity for everyone to golf in Bloomington.
6. To maintain Dwan's status as one of the most popular golf courses in the metro area.
7. To position Hyland Greens Practice and Training Facility as one of the most attractive driving ranges in the metro area.

LINK TO THE COUNCIL'S COMMUNITY MISSION

This plan supports the 2009 Strategic Plan of Preserving and, where appropriate, actively enhancing:

1. A strong, sustainable organization in terms of the quality and affordability of services, financial strength and professionalism and productivity of its operations.
2. Community investments that, in turn, encourage private investments consistent with the City's sustainability objectives.
3. Water quality through management programs for surface and subsurface water.
4. Energy and resource consumption by decreasing inflow and infiltration into the sanitary system and by encouraging water conservation.

DESIRED OUTCOMES

1. To balance the goal of operating the golf courses like a business with the need to keep fees competitive.
2. To assure the best playing experience for all customers.
3. To maintain aesthetically pleasing golf courses.
4. To have residents value the golf courses as community assets.

PROGRAM SPECIFICS

Operate and Maintain Infrastructure:

Goal: Support the Golf Courses' expenditures with its own revenue streams in order to create financially sustainable organization.

Objective 1: Sell between 40,000 and 45,000 rounds of golf at Dwan in 2015. *Update: 35,135 rounds of golf were sold as of 9/30/15; a total of 37,394 rounds were sold in the 2014 season.*

Challenges:

- Disposable income for older golfers is limited, resulting in the need to keep golf course fees affordable.
- Overall, fees at Dwan increased an average of 6.98% in 2013.
- There has been a drop-off in non-resident patron card sales – 1,002 cards were sold in 2014 vs. 1,054 cards in 2013.
- The non-resident patron card fee was decreased from \$120 to \$100 and non-resident senior patron card fee from \$95 to \$85 in 2014 to help attract more business.
- 241 non-resident patron cards were sold in 2014 vs. 241 in 2013.

Specific Initiatives:

- Increase the greens fees in 2015 as delineated in Attachment A. *Completed.*
- Keep the resident patron cards at the same price as 2014. *Completed.*
- Aggressively promote non-resident patron cards with the goal of selling the maximum of 300 cards. *278 non-resident patron cards were sold in 2015, an increase of 37 from 2014.*
- Produce a promotional flier directed toward travelers for distribution at local hotels. *Initiative reassessed and discontinued based on input from local hotels.*
- Attract golfers to the course on Saturday afternoons via a special promotion. *Discontinued. Piloted a 2 for 1 promotion on weekend afternoons at Hyland Greens and found that it moved current players to later tee times for the discount.*

Objective 2: Sell 20,000 rounds of golf at Hyland Greens in 2015.

Update: Hyland Greens closed for the season on November 2, 2015. There were 18,010 rounds of traditional golf sold in 2015, an increase of 1,798 from the 2014 total of 16,212. An additional 4,561 rounds of foot golf were sold in 2015 vs. 7,749 in 2014.

Challenges:

- Golfers tend to be more sensitive to the weather at Hyland Greens than Dwan because they are older on average.
- The wet weather in June 2014 left standing water at Hyland Greens that closed down the course and forced staff to hand-pick balls at the driving range, a labor-intensive activity
- Younger players prefer longer, more challenging courses than Hyland Greens.

Specific Initiatives:

- Increase the greens fees by \$1 in 2015 as delineated in Attachment A. *Completed.*
- Maintain the frequent player discount card fee at \$40 in 2015. *Completed.*
- Institute fall discount rates (patron rate for non-patrons and discount for patrons) starting on October 15, 2015. *Completed.*
- Increase foot golf rates by \$3 per round from \$9 in 2014 to \$12 in 2015 and junior/senior foot golf from \$8 to \$10 in 2015. *Completed.*
- Advertise Dwan's services in the area media. *Advertised via City Pages and targeted Facebook promotions.*
- Continue to offer the free 10-minute lessons throughout the season to encourage more participation. *Completed.*
- Offer three American Express Women's Golf Month Clinics in June 2015. *Completed.*
- Participate in the PGA's Bring Your Kids to the Golf Range in July 2015. *Completed.*
- Promote the PGA's Bring Your Daughter to the Course Week the second week of July 2015. *Completed.*
- Participate in the PGA's Family Golf Month in July 2015, and offer two free clinics for family members. *Completed.*
- Participate in the PGA's Patriot Golf Day the last weekend of August 2015. *Completed.*

Objective 4: Focus marketing efforts on attracting golfers new to Hyland Greens in order to make it more financially sustainable.

Specific Initiatives:

- Actively promote foot golf, which was introduced at Hyland Greens in 2014 (the free open house featuring on May 24, 2014 attracted 100 players; there were 539 paid rounds of foot golf as of June 30, 2014.) *Ongoing (promoted via Sun Current, City Pages, Facebook and Bloomington Briefing).*
- Market foot golf for special events such as birthday parties to encourage group outings. *Ongoing.*
- Continue to offer family tees on the Outside 9 to entice younger and less experienced players to golf. *Ongoing.*
- Create a web site featuring a virtual tour of Hyland Greens to attract new business that is linked to the Minnesota Golf Association. *Completed.*
- Participate in the PGA's "Tee It Forward" program, which offers a web site search for fun and affordable golf courses. *Ongoing.*
- Continue to promote the Dwan patron card for discount rates on greens fees at Hyland. *Ongoing.*
- Utilize E-Subscribe, Facebook and Twitter to more actively market Hyland Greens. *Ongoing.*
- Produce a promotional flier directed toward travelers for distribution at local hotels. *Reassessed and discontinued based on input from local hotels.*
- Promote discounts and special promotions in the *Bloomington Briefing, Insider* and *Sun Current*. *Completed.*
- Explore partnerships with local businesses to promote the course. *Not completed.*
- Position Hyland Greens as a "player-friendly" and manageable course for youth and seniors because of its size and fees. *Ongoing.*

Objective 5: Ensure the long-range financial success of Hyland Greens by promoting the expanded driving range.

Specific Initiatives:

- Utilize signage at the corner of Normandale Boulevard and 102nd Street to promote the practice facility. *Worked with City Planning staff on signage but did not complete.*
- Utilize E-Subscribe, Twitter and Facebook to actively market the practice facility. *Ongoing.*
- Publish articles on the practice facility in the *Bloomington Briefing, Insider* and *Sun Current*. *Completed.*
- Continue to evolve the practice facility into a "golf institute" similar to Three Rivers' Eagle Lake facility. *Ongoing.*
- Continue the revised hours of operation, opening later in the morning and closing later in the evening to capture more business. *Ongoing.*

- Continue to offer \$1 discounts to Dwan patron card holders and Hyland frequent player card holders. *Completed.*
- Offer a large bucket of balls for the price of a small bucket to seniors during the first two hours of operation every day. *Completed.*

Objective 5: Offer healthier concessions options to promote healthy living in Bloomington.

Challenges:

- Offering healthier options can run counter to running a profitable food business
- Menu engineering, maximizing profits and marketing are all challenges when attempting to sell healthier foods.
- Older patrons are less likely to choose to eat healthier items.

Specific Initiatives:

- Continue to work on pricing, food and labor costs to increase profits for healthier menu items. *Ongoing.*
- Maintain a goal of 30% or less for the cost of goods and labor at the snack bar (that goal was achieved in 2012 for all prepared foods and breakfast and lunch such as sandwiches, etc.) *Completed.*
- Examine kitchen design and seek out ways to increase efficiency. *Completed.*
- Offer a healthier signature item that has a high profit margin. *Completed.*
- Prominently display items such as water that are healthier. *Ongoing.*
- Continue to examine how to make menu selections healthier while still making money. *Ongoing.*

Plan and Build Infrastructure:

Goal: Maintain and enhance the appearance, playability and viability of the golf courses in order to maintain an aesthetically pleasing experience for golfers.

Objective 1: Ensure proper equipment is available for maintaining the high-quality appearance of the golf courses.

Challenges:

- There was major turf loss in spring 2013 due to snow and freezing temperatures in April (approximately 20% of the fairways and 50% of the approaches to the greens and collars were affected.)

- With one of the wettest Junes on record in 2014, there was limited motor cart usage at Dwan and standing water at Hyland Greens.

Specific Initiatives:

- Purchase a walk-behind aerator for Dwan in 2015 (cost: \$22,000). *Completed.*
- Purchase a utility vehicle and fertilizer spreader for Hyland Greens in 2015 (cost: \$15,000). *Purchase was deferred in 2015 due to budgetary reasons.*
- Purchase additional equipment between 2015 – 2019 at Dwan and Hyland Greens as noted in Attachment B. *Only capital equipment purchases were for Dwan (walk-behind aerator and ice machine). Purchases for Hyland Greens have been deferred for the next 5 years due to budgetary reasons.*

Objective 2: Keep the clubhouses and other buildings in excellent condition.

Specific Initiatives:

- Install a new roof at Dwan clubhouse. *Completed.*
- Explore updates to the bathrooms at Dwan clubhouse to make them more aesthetically appealing and customer-friendly. *Ongoing.*
- Replace food service appliances in Dwan's clubhouse as needed between 2015 – 2019 as noted in the capital replacement plan (Attachment B.) *New ice machine purchased for Dwan clubhouse in 2015.*
- Replace food service appliances in Hyland Greens' clubhouse as needed between 2015 – 2019 as noted in the capital replacement plan (Attachment B.) *Purchases for Hyland Greens deferred through 2019 due to budgetary reasons.*

Manage resources:

Goal: Position the golf courses as important community assets and natural resources while conserving energy and resource consumption.

Objective 1: Preserve the golf courses' natural environment.

Current sustainability practices:

- Dwan became certified in the Audubon Cooperative Sanctuary Program in 2011 after four years of work toward certification.
- Dwan is one of just 27 golf courses in Minnesota (out of 575) and the 844th in the world (out of more than 31,000) to become a Certified Audubon Cooperative Sanctuary.

- Reduced pesticide usage by increasing disease tolerance levels before applying pesticides and taking more of a curative approach vs. a preventative one.
- Installed a computerized irrigation system in 2006 that monitors moisture content and waters turf only when necessary.
- Water conservation is enhanced by hand watering local “hot spots” on greens and tees instead of irrigating the entire area with automatic sprinkler system.
- Golf course maintenance practices also include spot spraying for weeds rather than blanket applications, greatly reducing chemical usage.
- Established two acres of natural prairie/wildlife areas which provide an eco-system that sustains a wide variety of wildlife and insect population; these areas also reduce water, fertilizer and pesticide usage and need only occasional spot spraying, weeding and a burn or mowing every few years. (Prior to the development of prairie areas, staff was mowing three times weekly and applying chemicals bi-annually.)
- Adding perennial plants vs. annuals for the hummingbird areas has saved on the annual costs of plants and labor.
- Removed 20 to 25 ash trees in the last 4 – 5 years that were susceptible to disease or damaged.

Specific Initiatives:

- Continue to remove ash trees from Dwan and Hyland Greens that are diseased, damaged or too close to other trees to grow properly, and plant new trees in their place. *Ongoing.*
- Develop a new project to maintain Dwan’s certification in the Audubon Cooperative Sanctuary program for golf courses. *Completed.*
- Continue sustainability measures currently underway (i.e., reduce chemical use, watering, etc.) *Ongoing.*
- Continue to control invasive exotic plant species such as buckthorn and sumac. *Ongoing.*
- Gradually increase the buffer area around the ponds to improve groundwater quality. *Completed (extended buffer areas to 10 feet).*
- Monitor disease outbreaks and act accordingly. *Ongoing.*
- Use native plants in landscaping where appropriate. *Completed.*
- Educate golfers about the importance of natural areas. *Ongoing.*

Objective 2: Market the golf courses’ contribution to green space in Bloomington.

Specific Initiatives:

- Promote the Audubon Cooperative Sanctuary Program certification in the Dwan clubhouse and in the City's communications tools (e.g., *Bloomington Briefing*, web site, etc.) *Ongoing.*
- Educate the public about the role the golf courses play in providing 165 acres of green space to the community, home to a variety of birds and wildlife that enhance Bloomington's environment. *Ongoing.*
- Continue to cooperate with neighboring residents on plantings and green spaces bordering the golf courses. *Ongoing.*
- Market the facilities and grounds to positively position them and their perceived value to residents and businesses. *Ongoing.*

Goal: Employ high-quality, knowledgeable staff focused on excellent customer service that support a strong, sustainable organization in terms of quality of services and professionalism and productivity of its operations.

Objective 1: Update the succession plan for staff at the Golf Courses.

Specific Initiatives:

- The following staff are expected to retire within the next 2 - 5 years: Golf Course Manager and Kitchen Supervisor (the Golf Course Maintenance Superintendent retired in July 2013.)
- Continue to train the Assistant Manager at Hyland Greens in the overall operations of the golf courses.
- Examine further restructuring of golf course operations to prepare for the upcoming retirement of the Golf Manager.

Objective 2: Employ quality staff who have knowledge and experience in the operation of golf facilities.

Specific Initiatives:

- Keep pay consistent with or better than competing golf courses. *Re-assessed annually. No increase to salaries for part-time employees in 2015.*
- Attend professional conferences and workshops to remain current in industry trends and innovations in facility programming, maintenance and administration. *Ongoing.*

Goal: Work toward an even more financially strong and sustainable future for the golf courses in terms of quality and affordability of services and financial strength.

Objective 1: Maintain the working capital goal for the golf courses. *Adopted budget for total working capital in 2015 was \$883,500. A working capital deficiency of \$937,721 is estimated for year-end 2015.*

Specific Initiatives:

- Maintain working capital of \$422,280 for operations in 2015. *Adopted budget for 2015 was \$372,000.*
- Reserve \$480,000 for emergency repairs in 2015. *Adopted budget for 2015 was \$480,000.*
- Budget \$47,000 for capital equipment replacement in 2015.
- Total working capital goal for the Golf Courses is \$983,280 in 2015. *Adopted budget for 2015 was \$31,500.*

Objective 2: Explore other sources of funding and/or cost containment.

Specific Initiatives:

- The Maintenance Worker-Parts Room and Assistant Manager positions that became vacant due to retirements in 2011 have not been replaced. *Positions kept vacant in 2015 due to budgetary constraints.*
- Maintain the cutback on staff hours for kitchen staff and cashiers. *Completed.*
- Continue to be prudent about cutting back on work hours for other seasonal staff, particularly starters and rangers, as needed. *Ongoing.*
- Cut back on seasonal staffing when possible without sacrificing service. *Completed.*
- Delay capital equipment purchases when possible to save money. *Completed.*