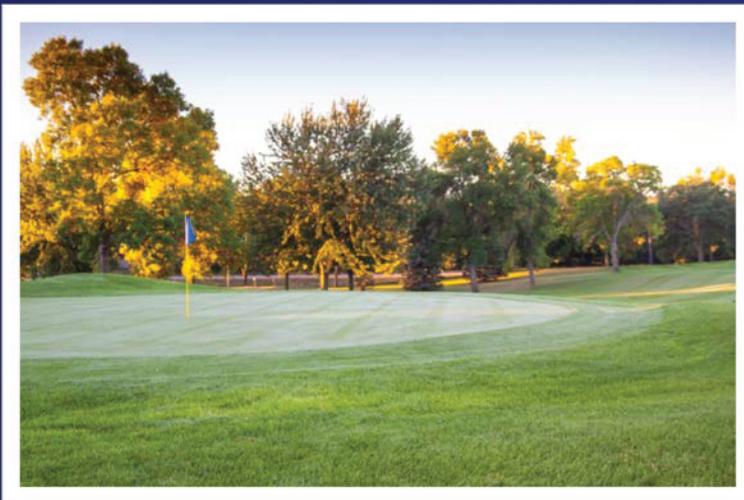


# Hyland Greens Golf and Learning Center



**City Council  
July 27, 2015**

# Hyland Greens



# State of Golf



- 23 million golfers in 2013, down 24% from peak.
- U.S. golfers played 462 million rounds last year, the fewest number since 1995.
- Primary drivers for decline in golfing:
  - Too long to play
  - Too hard to learn
  - Too expensive
  - Six-month sport
- Number of golfers expected to grow by 3 million between now and 2020.
  - Growth rate of about 1%, similar to the forecasted growth rate of the general U.S. population.
- Over the next 10 years, rounds played per year are expected to gradually increase by 73 million rounds, or 15%.

# State of Golf



- Municipal golf courses nationwide struggle to cash flow
- 157 U.S. golf courses closed in 2013
- Minnesota golf course closings:
  - Parkview Golf Course (Eagan) – 2013
  - Elm Creek Golf Course (Plymouth) – 2013
  - Red Oak Golf Course (Mound) – 2013
  - Lakeview Golf Course (Mound) – 2013
  - Fred Richards Golf Course (Edina) – 2014
  - Tartan Park (Lake Elmo) – 2015

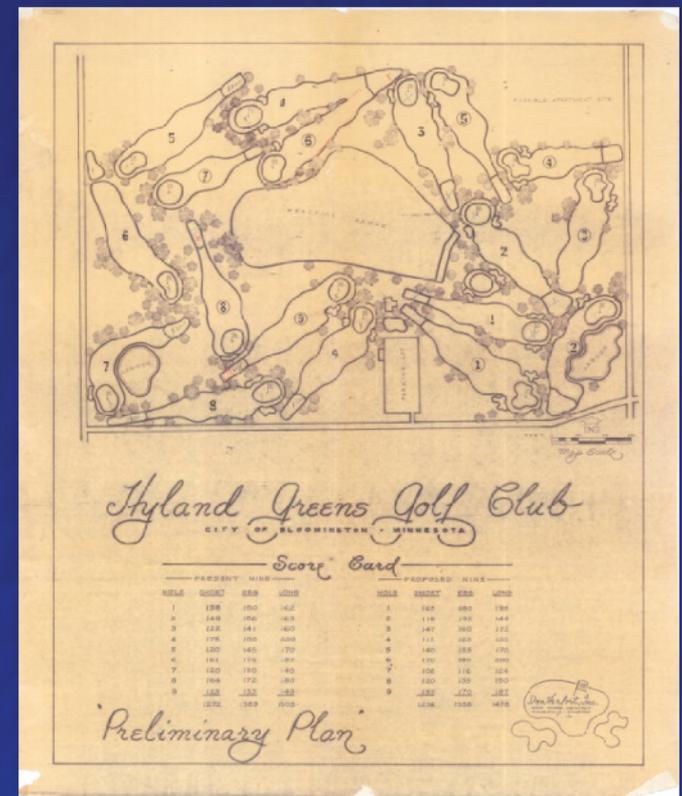
# Hyland Greens

## History



1962: Les Boche purchased farmland and built 18-hole, par-3 golf course designed by Don Herfort.

1974: Hyland Greens sold to City of Bloomington.



# Hyland Greens

## History



# Hyland Greens

## Recent enhancements



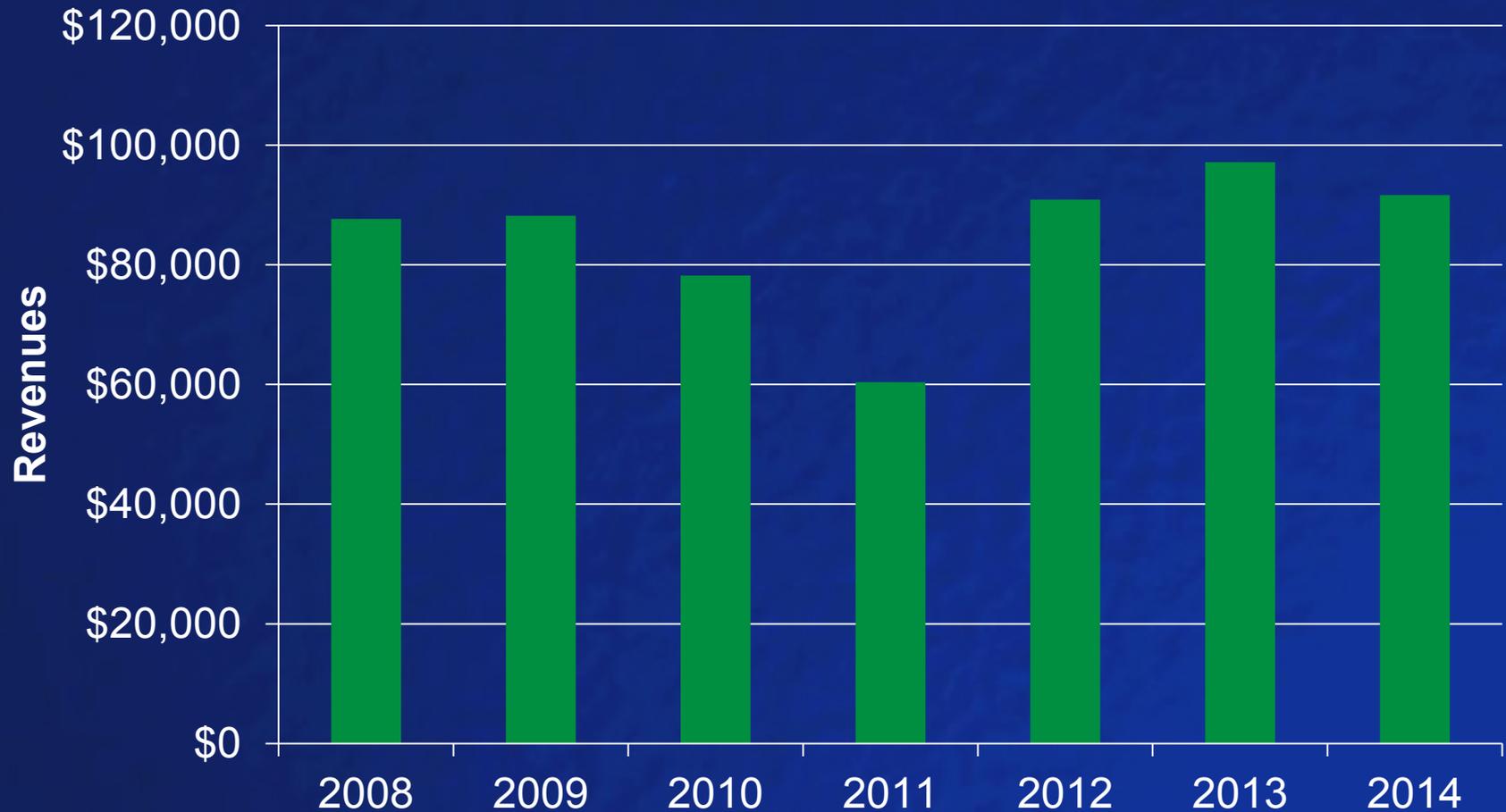
2012: Expanded practice range opened in former Inside 9.

2014: FootGolf added to course.



# Hyland Greens

## Driving Range



# Hyland Greens

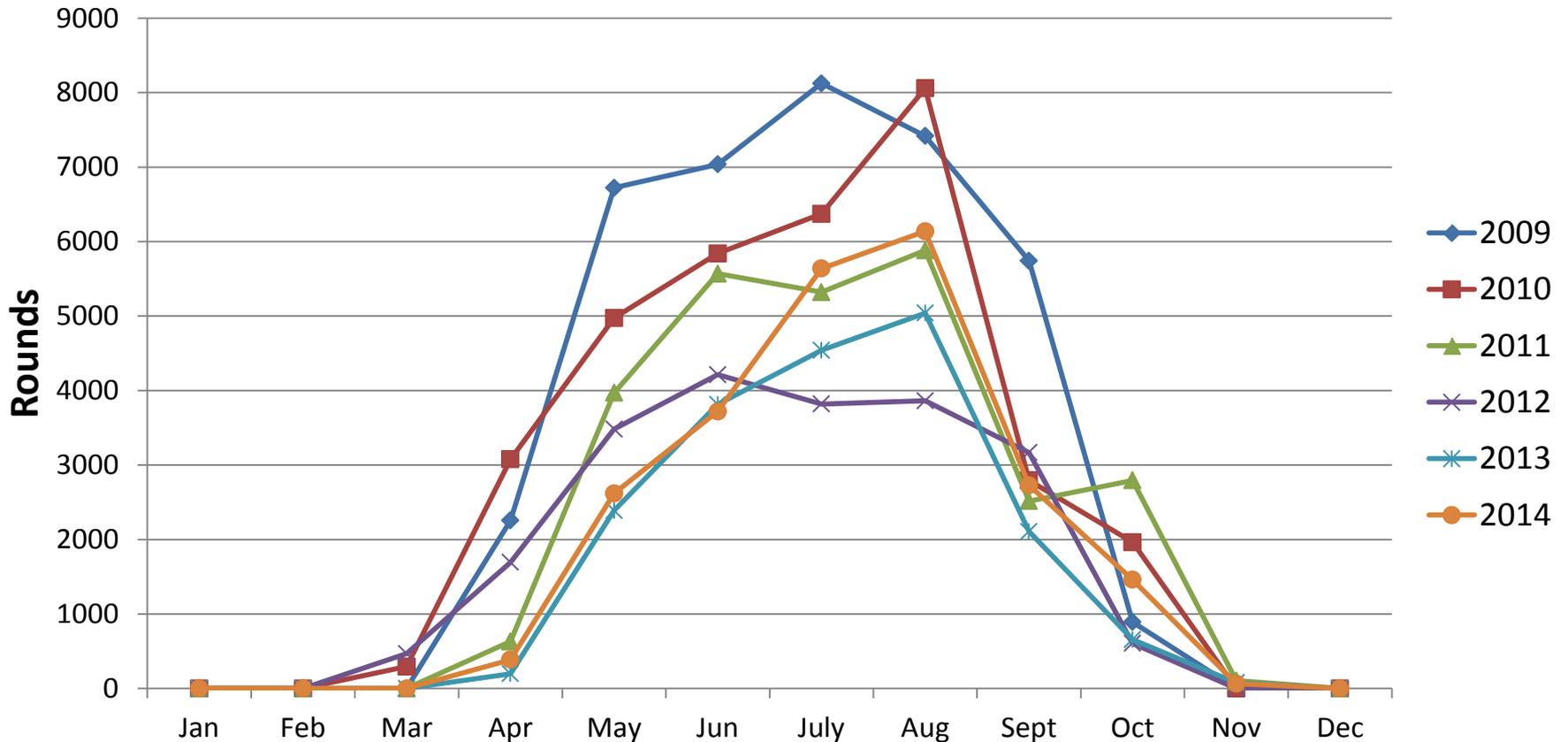
## FootGolf



- Debuted on May 24, 2014.
- 2014 Total rounds: 7,749
- 2014 Total revenues: \$62,684
- 2015 YTD rounds: 577
- 2015 YTD revenues: \$6,122

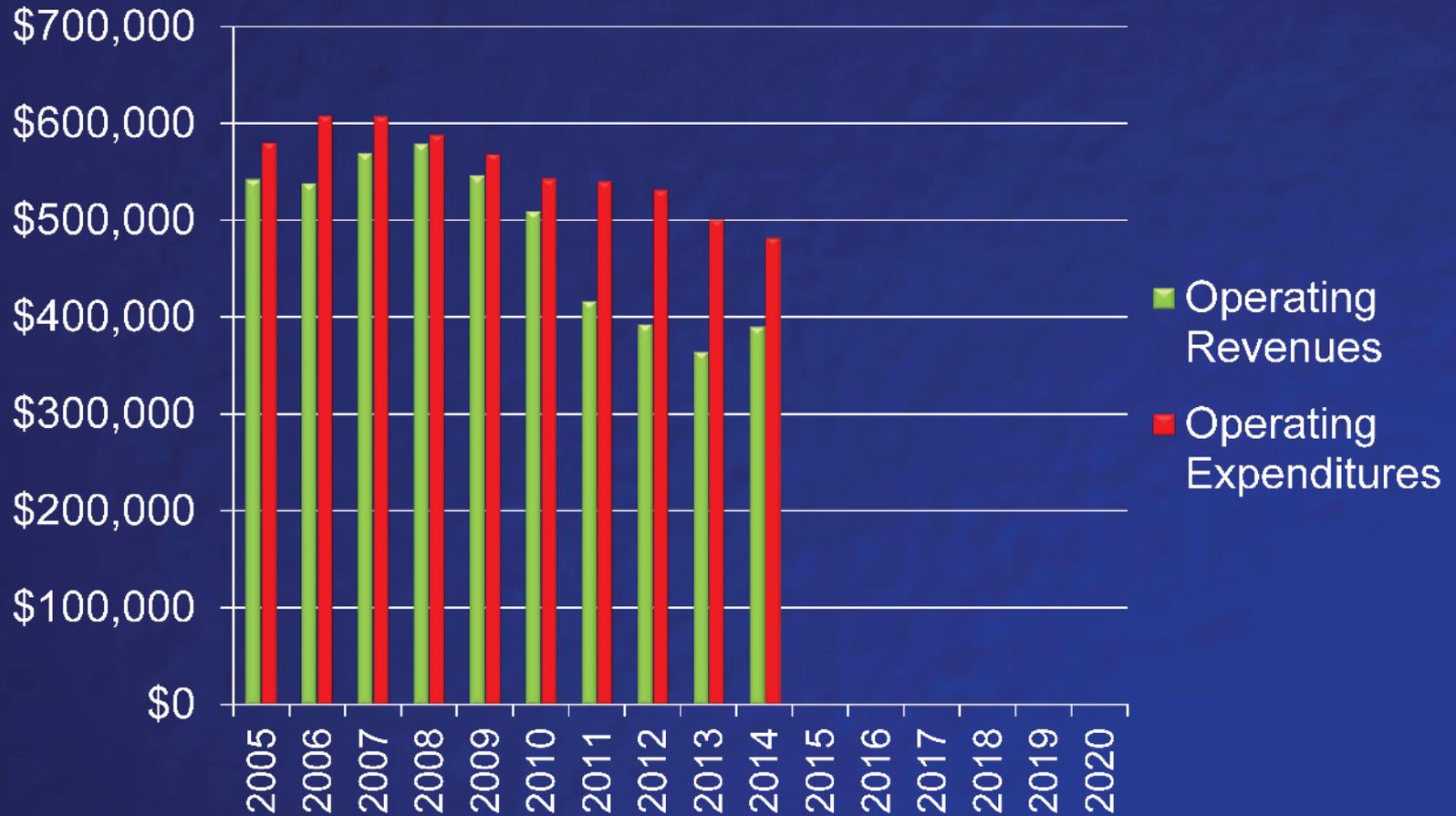


# Monthly Golf Rounds Hyland Greens



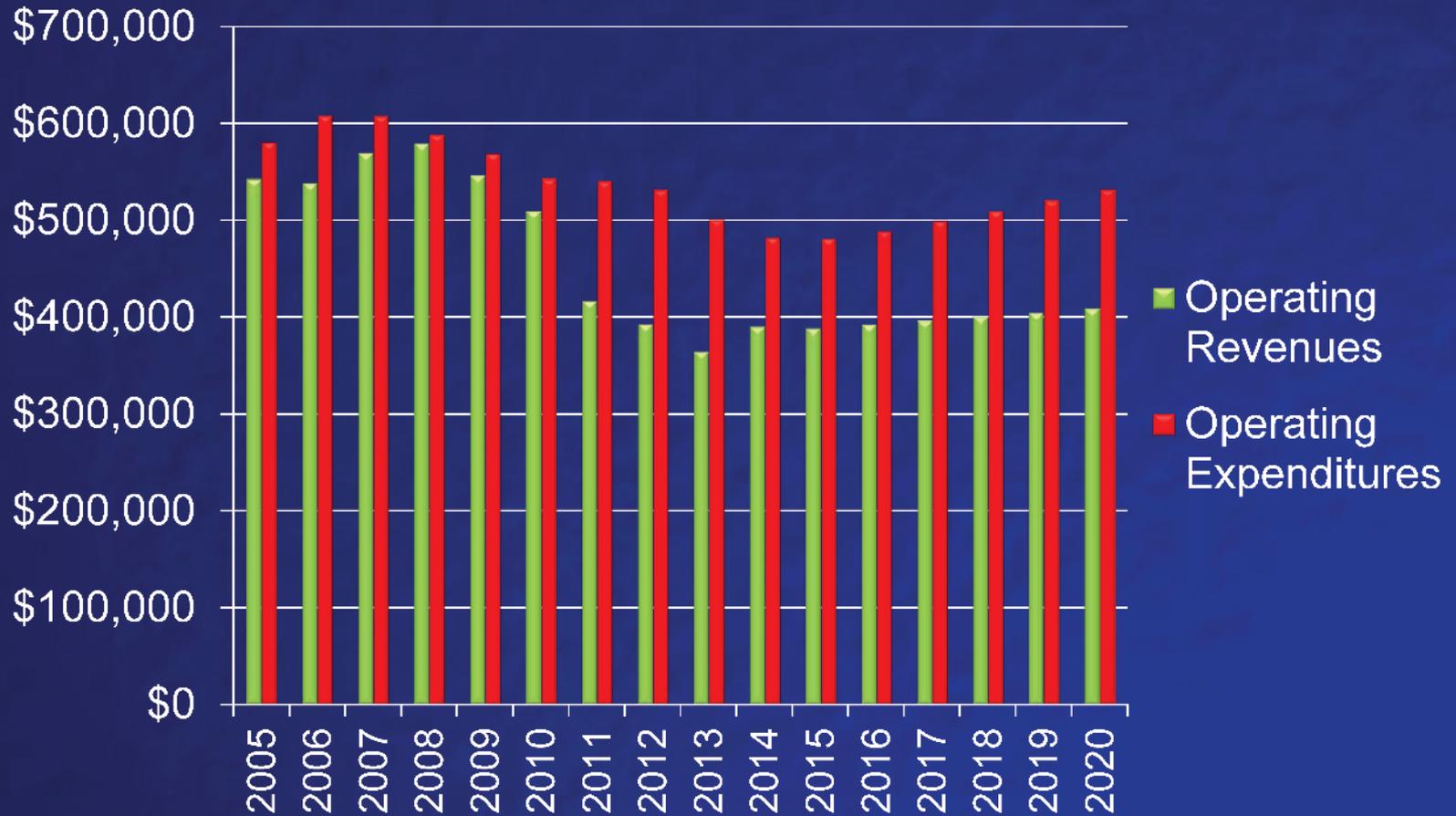
# Hyland Greens

## Operating Revenues vs. Operating Expenditures



# Hyland Greens

## Operating Revenues vs. Operating Expenditures



# City of Bloomington Vision



“To build and renew the community by providing services, promoting renewal and guiding growth in an even more sustainable, fiscally sound manner.”

# Parks and Recreation Goals



1. Be a **family-friendly community**.
2. **Maintain & enhance** City park & recreational assets
3. **Anticipate the needs of the changing community** and structure programs and facilities accordingly.
4. **Promote a sense of community** through recreation programming.



# Options



- Option #1: Continue as City-operated golf course
- Option #2: Convert to park
- Option #3: Sell for development
- Option #4: Private management
- Option #5: Partner on year-round golf facility

# Option 1

## Continue as City-operated golf course



### Pros

- Preserves golf course
  - Driving range
  - Foot golf
- Maintains programming for BAA and other users
- Preserves green space

### Cons

- Operating deficits will likely continue even if trends improve
- Requires funding from the property tax levy
- Limited funds for capital improvements

# Golf Fund

## City of Bloomington

|                                  | 2013         | 2014           | 2015           | 2016         | 2017         | 2018         | 2019         | 2020         |  |
|----------------------------------|--------------|----------------|----------------|--------------|--------------|--------------|--------------|--------------|--|
| <b>DWAN</b>                      |              |                |                |              |              |              |              |              |  |
| <b>Revenues</b>                  | \$ 1,915,685 | \$ 1,191,524   | \$ 1,229,660   | \$ 1,241,957 | \$ 1,286,892 | \$ 1,338,368 | \$ 1,391,903 | \$ 1,447,579 |  |
| <b>Tax support/Strat. Prior.</b> |              | \$ 800,000     |                | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         |  |
| <b>Expenses</b>                  | \$ 1,868,556 | \$ 2,032,811   | \$ 1,295,803   | \$ 1,319,915 | \$ 1,322,299 | \$ 1,339,312 | \$ 1,394,455 | \$ 1,370,730 |  |
| <b>Net Gain (Loss)</b>           | \$ 47,129    | \$ (41,287)    | \$ (66,143)    | \$ (77,958)  | \$ (35,407)  | \$ (944)     | \$ (2,552)   | \$ 76,849    |  |
| <b>Working Capital Balance</b>   | \$ 1,352,229 | \$ 1,310,942   | \$ 1,244,799   | \$ 1,166,841 | \$ 1,131,434 | \$ 1,130,490 | \$ 1,127,938 | \$ 1,204,787 |  |
| <b>HYLAND</b>                    |              |                |                |              |              |              |              |              |  |
| <b>Revenues</b>                  | \$ 364,953   | \$ 390,762     | \$ 389,330     | \$ 393,224   | \$ 408,953   | \$ 425,311   | \$ 442,324   | \$ 460,016   |  |
| <b>Tax support/Strat. Prior.</b> |              |                |                | \$ 450,000   | \$ 300,000   | \$ 300,000   | \$ 300,000   | \$ 300,000   |  |
| <b>Expenses</b>                  | \$ 613,144   | \$ 570,647     | \$ 589,664     | \$ 617,607   | \$ 623,453   | \$ 607,858   | \$ 605,321   | \$ 638,344   |  |
| <b>Net Gain (Loss)</b>           | \$ (248,191) | \$ (179,885)   | \$ (200,334)   | \$ 225,617   | \$ 85,500    | \$ 117,453   | \$ 137,003   | \$ 121,672   |  |
| <b>Working Capital Balance</b>   | \$ (830,866) | \$ (1,010,751) | \$ (1,211,085) | \$ (985,468) | \$ (899,968) | \$ (782,515) | \$ (645,512) | \$ (523,840) |  |
| <b>GOLF</b>                      |              |                |                |              |              |              |              |              |  |
| <b>Revenues</b>                  | \$ 2,280,638 | \$ 1,582,286   | \$ 1,618,990   | \$ 1,635,181 | \$ 1,695,845 | \$ 1,763,679 | \$ 1,834,227 | \$ 1,907,595 |  |
| <b>Tax Support/Strat. Prior.</b> | \$ -         | \$ 800,000     | \$ -           | \$ 450,000   | \$ 300,000   | \$ 300,000   | \$ 300,000   | \$ 300,000   |  |
| <b>Expenses</b>                  | \$ 2,481,700 | \$ 2,603,458   | \$ 1,885,467   | \$ 1,937,522 | \$ 1,945,752 | \$ 1,947,170 | \$ 1,999,776 | \$ 2,009,074 |  |
| <b>Net Gain (Loss)</b>           | \$ (201,062) | \$ (221,172)   | \$ (266,477)   | \$ 147,659   | \$ 50,093    | \$ 116,509   | \$ 134,451   | \$ 198,521   |  |
| <b>Working Capital Balance</b>   | \$ 521,363   | \$ 300,191     | \$ 33,714      | \$ 181,373   | \$ 231,466   | \$ 347,975   | \$ 482,426   | \$ 680,947   |  |

# Option 2

## Convert to park



### Pros

- Preserves green space
- Possible new activities
  - Cross country skiing
  - Trails
  - Dog park
  - Disc golf
  - Skate board park
- Serves variety of ages, abilities and interests

### Cons

- Maintenance and operating costs would be supported by property taxes
- Existing Internal Service Fund costs would need to be shifted to other funds
- Affects Dwan's budget
- Loss of ability to generate income
- Capital investment dollars required for any new activities
- Loss of recent capital investment

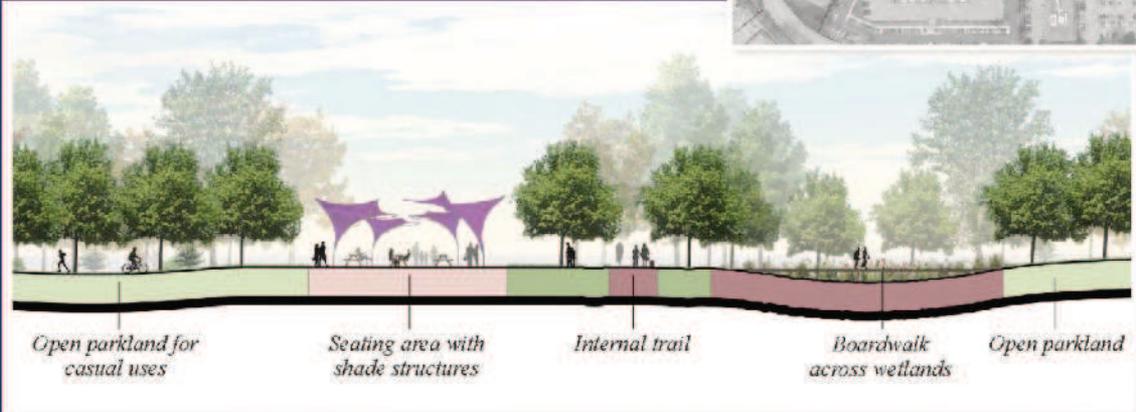
# Lehigh Acres Trailhead Park



# Fred Richards Repurpose Project



# Fred Richards Repurpose Project



# Option 3

## Sell for development



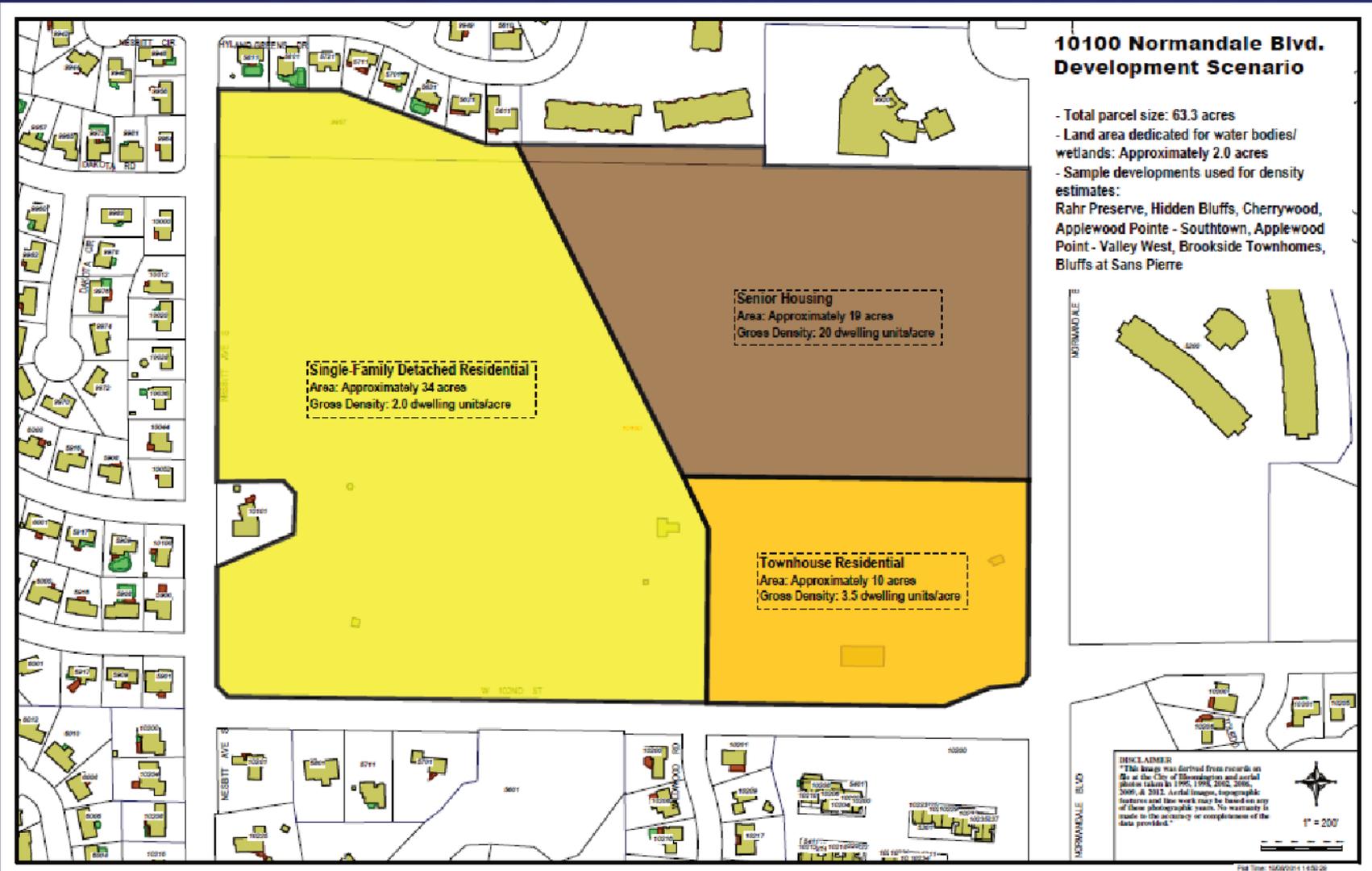
### Pros

- Eliminates annual operating deficit
- Generates cash infusion that could be used for other City initiatives
- Adds property to tax base

### Cons

- Potential for community opposition
- One-time cash infusion
- Loss of green space
- Loss of recreational asset
- Existing internal service fund costs would need to be shifted to other funds
- Affects Dwan's budget

# Draft development scenario



# Option 4

## Private management



### Pros

- Potential to eliminate operating deficit
- May generate revenues above a certain amount for the cost the City may pay to attract a management company
- Maintains recreational asset

### Cons

- Management fee
- Capital improvements likely would be responsibility of City
- Existing internal service fund costs would need to be shifted to other funds
- Impact on Dwan's budget
- Likely no management companies interested in par 3, 9-hole course with no banquet facility

# Option 5

## Partner on a year-round golf facility



### Pros

- Year-round programming
- Potential for positive cash flow
- Potential course improvements
- Marketing budget

### Cons

- No potential partner in the pipeline.
- Risk of the golf course and indoor facility coming back to the City
- Existing internal service fund costs would need to be shifted to other funds

# Option 5

## Partner on a year-round golf facility



# Options

|                                      | 1. Continue as golf course  | 2. Convert to park  | 3. Sell property  | 4. Private management   | 5. Year-round facility  |
|--------------------------------------|---|---|---|---|---|
| <b>Operational costs</b>             | \$485,029   | \$60,878  | \$0   | Management fee  | Unknown   |
| <b>Capital costs</b>                 | \$17,000  | Depends on types of improvements  | \$0   | Capital improvements  | Capital improvements + debt service   |
| <b>Internal Service Fund charges</b> | \$87,635  | \$87,635  | \$87,635  | \$87,635  | \$87,635  |
| <b>Total expenses</b>                | \$589,664   | \$148,513   | \$87,635  | \$87,635  | \$87,635  |
| <b>Total revenues</b>                | \$389,330   | \$0   | \$10-\$12 million   | Unknown   | Unknown   |
| <b>Benefits to City</b>              | Preserves amenity and green space<br>Maintains programming  | Preserves green space<br>Possible new activities  | Adds to tax base<br>Eliminates operating deficit<br>Provides options for consideration of other amenities             | Potentially eliminates operating deficit<br>Preserves amenity                   | Year-round programming<br>Potential course improvements<br>Potential cash flow                          |
| <b>Risks to City</b>                 | Operating deficit could continue and grow.<br>Dwan cannot sustain Hyland Greens' losses.<br>Limited funds for capital improvements. | Maintenance and operating costs supported by property taxes.<br>Capital investment funds required for any improvements. | Potential for community opposition.<br>One-time cash infusion.<br>Loss of green space.<br>Loss of recreational asset. | Management fee.<br>Capital improvements would likely be responsibility of City. | Extent to which business can operate and pay debt service.<br>City owns the building if business fails. |

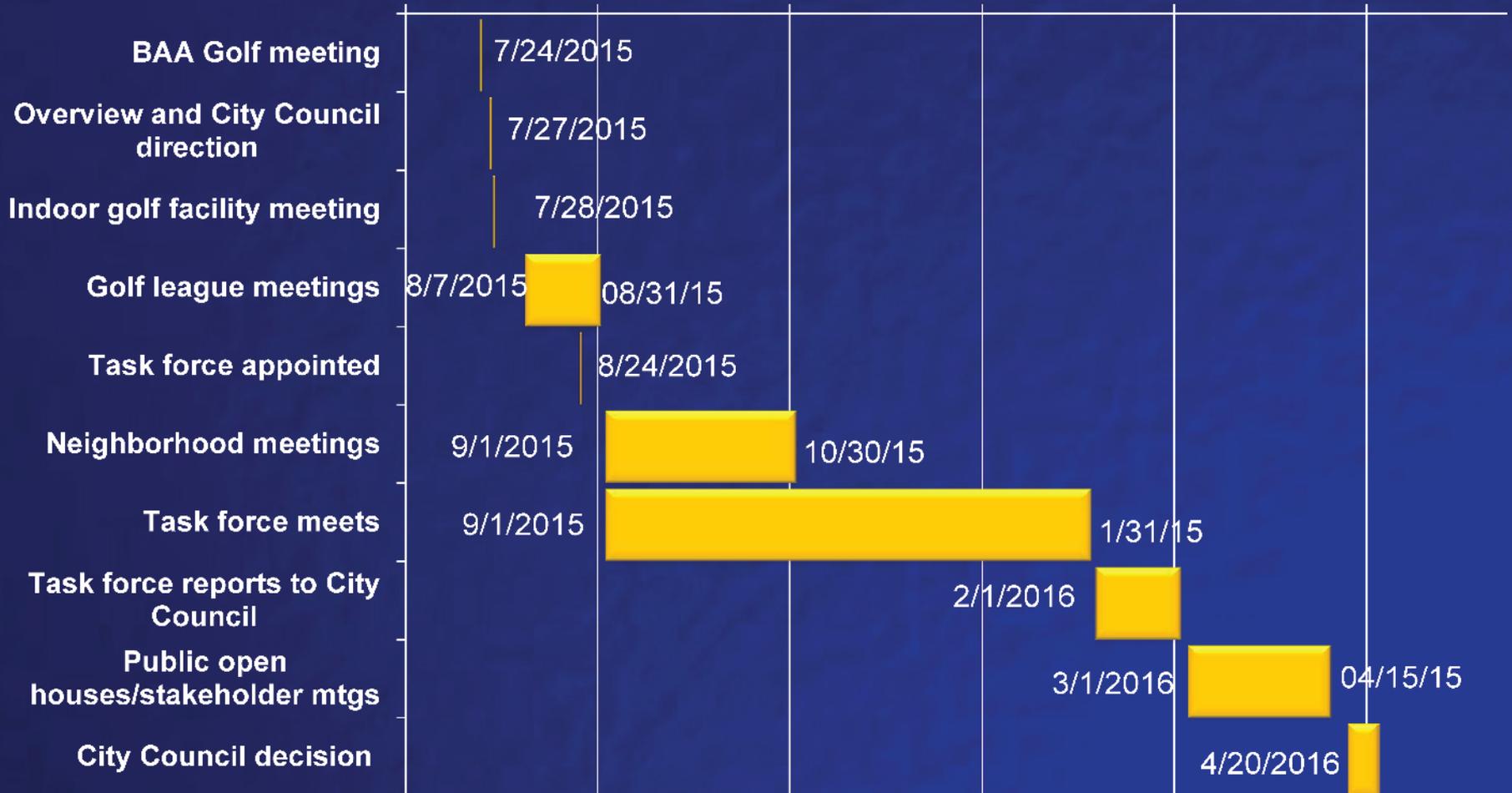
# Options

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# Timeline



7/1/2015    8/30/2015    10/29/2015    12/28/2015    2/26/2016    4/26/2016



# Task Force



## Members:

- City Council representative
- Parks, Arts and Recreation Commission member
- Planning Commission member
- Neighborhood representatives (2)
- General community representative
- Business community representative
- BAA Golf representative
- General Hyland Greens user

## Staff:

- Parks and Recreation Manager
- Golf Manager
- Planning staff member
- Community Services Director

# Task Force Charge



As appropriate, develop recommendations regarding a re-use strategy specific to three options:

1. Full park utilization
2. Full development re-use
3. Hybrid approach

# Task Force Items for Consideration



- A. Be fiscally responsible.
- B. Consider how this situation may become an opportunity for placemaking by creating a community amenity.
- C. Convert the value of the golf course into improvements for the City's other community spaces.
- D. Facilitate a soft landing for current users of Hyland Greens.

# Questions?

