



**DATE:** January 26, 2016  
**TO:** Mayor and City Council  
**FROM:** Hyland Greens Task Force  
**RE:** Hyland Greens Task Force Recommendations

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### **Purpose of the Memo**

1. Provide background on the work of the Hyland Greens Task Force.
2. Present feedback to the City Council on the future usage of Hyland Greens.

### **Background**

The Bloomington City Council created the Hyland Greens Task Force in 2015 to look at the future of Hyland Greens Golf and Learning Center. Steadily declining usage has led to continuing operating losses at Hyland Greens since 2005. The overall golf facilities fund had been able to sustain Hyland Greens because of positive financial performance at Dwan Golf Club, but that is no longer the case. This led the City Council to form the Hyland Greens Task Force in September 2015 for the purpose of evaluating the golf course's current state and explore future usage of the facility.

By definition, the Hyland Greens Task Force was a time-specific, project-specific group working to a focused outcome. The Task Force consisted of 14 representatives and 8 alternates (Attachment A). Community representatives were selected by the City Council and reflected the general Bloomington community, the Hyland Greens neighborhood, the business community, BAA Golf, the Hyland Greens user groups as well as the City Council, Planning Commission and Parks, Arts and Recreation Commission. Staff members were appointed by the City Manager. Task Force meetings were led by Irina Fursman, a facilitator with HueLife. City staff member Erik Juhl assisted with the facilitation.

The Task Force was charged with studying data related to Hyland Greens and its services; reviewing budget forecasts and their implications; identifying problems to be solved; studying potential alternatives; and providing feedback to the City Council. It was noted that while the City Council maintained decision-making authority regarding the golf course's future, the findings and input of the Task Force were expected to factor into the City's future planning and decision-making processes.

The Task Force was asked to develop feedback on the following potential options for the use of the Hyland Greens facility:

1. Continue to operate Hyland Greens as a City golf facility.
2. Contract with an outside management company to operate Hyland Greens.
3. Enter into a partnership on a year-round golf facility.
4. Convert the Hyland Greens' property into a park.
5. Sell the Hyland Greens property for private development.
6. Develop a hybrid approach that would combine the park and private development options.
7. Other.

Topics of discussion included, among other things: Hyland Greens' past usage and financial performance as well as forecasts for the future; community values and guiding principles for decision-making related to community spaces; opportunities presented by this situation; and brainstorming of ideas to support potential strategies for selected options.

### **Task Force Meetings**

The Task Force met seven times from October 2015 through January 2016. To promote transparency, all Task Force meetings were open to observers who were not members of the group and meeting materials were posted on the City's website. Below is a recap of what transpired at each meeting:

#### **1. October 14, 2015:**

The first meeting focused on acquainting the task force representatives with each other and beginning to create a sense of cohesion and trust as a group. Staff provided a project background and overview of the issues at Hyland Greens to deepen the group's understanding of the Task Force charge and to help them to understand the overall context of their work. Task Force members set the norms and protocols for how they would be working together as a group (Attachment B).

#### **2. October 28, 2015:**

Staff supplied the Task Force with an overview of the budgets and business plans for Hyland Greens and Dwan golf courses to provide more clarity about the financial issues at both facilities (Attachment C). The Task Force also reviewed a comparison of Hyland Greens' finances and operations to other par 3 golf courses in the metro area (Attachment D). The Task Force raised questions for future discussion about whether golf could be self-sustaining and if there was an appetite to subsidize it, the community's commitment to golf, cost-containment measures and marketing and promotional activities. It was noted that closing Hyland Greens would not eliminate all costs related to the course, as some would stay with Dwan.

#### **3. November 10, 2015:**

Meeting #3 focused on gaining agreement on the problems that the Task Force was trying to solve. The meeting used a consensus process around identifying the problems to be solved in which Task Force members were asked to determine the key problems. The three overall problems that emerged were: 1) improving operations (e.g., how to make Hyland Greens financially sustainable through cost savings measures and/or revenue enhancements); 2) community needs and values (e.g., should the community subsidize golf); and 3) land use options (e.g., what is the best use of the land and could alternate uses increase revenues and usage).

**4. December 16, 2015:**

The Task Force examined the three major categories of potential alternatives for Hyland Greens: 1) golf; 2) park; and 3) development (Attachment E). Members reviewed the return on investment for each option using a triple bottom line approach from the standpoints of financial, social and environmental returns on investment. The Task Force discussed what it would take to sustain each option, what community needs each option served, what the community would lose if each alternative was sustained or implemented and what the community would lose if each alternative were not sustained or implemented (Attachment F).

**5. December 30, 2015:**

Prior to the meeting on December 30, Task Force representatives and alternates were asked to complete an online survey to determine how strongly they thought the group should focus the remainder of their meetings on the following alternatives:

- a) Identification of steps to improve the bottom line at Hyland Greens, including exploring other golf options.
- b) Opportunities for park development.
- c) Partial development plus maintain the golf course.
- d) Full development of the golf course.

*Identification of steps to improve the bottom line at Hyland Greens* came out on top with a weighted average of 2.21. The second highest alternative was *partial development plus maintain the golf course* with a weighted average of 2.14. *Opportunities for park development* had a weighted average of 1.00, while *full development of the golf course* had weighted average of 0.71 (Attachment G). As a result of the survey results, it was determined that the Task Force would focus its attention in its remaining meetings on the top two alternatives, the golf and partial development options.

The Task Force conducted a review of the golf option at their meeting on December 30, examining five scenarios for improving the bottom line at Hyland Greens: a) operations and maintenance changes under the current arrangement; b) management agreement; c) year-round facility agreement; d) lease agreement; and e) other. Task Force members examined the strengths and weaknesses of each scenario and identified the benefits and risks to the community if each scenario were successful. The Task Force also brainstormed the core elements of recommendations to the City Council as they pertained to the golf course option.

**6. January 13, 2016:**

The Task Force focused its attention on the viability of the partial development option for the golf course in which a portion of the course would be developed while retaining the golf option. Staff reviewed two partial development scenarios – the first would develop the east end of the property next to Normandale Boulevard within the basic footprint of the old driving range, while the second would add in the current driving range property for development. Task Force members favored the first scenario, which would develop the eastern portion of the property next to Normandale while preserving the golf course and driving range in its present state. Task Force members developed guidelines for the City Council regarding this option. At the end of the meeting, a subcommittee was formed to draft the Task Force’s final recommendations to the City Council.

**7. January 26, 2016:**

The final meeting of the Hyland Greens Task Force was devoted to finalizing the group's recommendations to the City Council.

**Hyland Greens Task Force Recommendations**

The Hyland Greens Task Force is recommending that the City of Bloomington continue to operate Hyland Greens in 2016 and beyond while using input from what it learns this year for longer-term decision-making about the site. As a result, the Task Force's recommendations fall into two major categories:

**Recommendation #1: Continue to operate Hyland Greens as a golf facility and implement measures starting immediately in order to improve the bottom line in the 2016 season and beyond.**

The Hyland Greens Task Force agrees that the City of Bloomington should continue to operate Hyland Greens as a municipal golf facility, preserving community green space. To that end, the Task Force has identified the following operations and maintenance changes that should be implemented in order to make Hyland Greens a successful operation:

- a) Hire an outside golf course management consultant: The City should hire an external, unbiased golf course management consultant with golf course experience as soon as possible to conduct an operations and maintenance review of both Hyland Greens and Dwan to determine how the golf courses and their services could be improved. This review should include an analysis of the rate structure, facility usage, staffing levels, management, marketing, tee time scheduling, other possible uses of the courses and hours of operation. A consultant should be able to identify opportunities for operational changes or facility improvements that would reposition it to more effectively compete in the marketplace. The Task Force recommends that the City hire this consultant as soon as possible in order to provide direction on the other recommendations suggested below.
- b) Reduce staffing costs: There are nine full-time staff employed at both courses plus 40 to 50 seasonal employees. Five full-time golf staff code time to Hyland Greens, including two that are supported solely by the golf course. The City should examine the staffing levels at both Hyland Greens and Dwan and consider reallocating salaries and/or reducing full-time staff in favor of utilizing more seasonal employees. The Task Force is concerned that the allocation of labor costs at Hyland Greens may not have been in proportion to the hours worked, potentially distorting the financial results of the operation.
- c) Amend golf rates: The Task Force recommends that the City look at broadening the fee structure at both golf courses to include rates such as junior and senior, spring and fall, weekday and twilight rates as well as multi-punch discount cards and the MN PGA Golf Card program.
- d) Eliminate internal charges: Hyland Greens is being assessed internal service charges from other City departments for services they provide to the golf course. These charges cover administrative, legal, finance and human resources support as well as phones, Internet, etc. In 2015, Hyland Greens was assessed \$88,549 in internal charges. The Task Force recommends that these costs be examined to determine whether they are being fairly allocated and consider whether some, if not all, of the internal charges could be eliminated.

- e) Examine Hyland Greens accounting: It is recognized that if Hyland were closed, certain fixed costs would not be completely eliminated. The current allocation of operating costs should be reviewed to make sure the City Council understands the actual “cash” subsidy Hyland is receiving to maintain operations.
- f) Enhance marketing: The City is encouraged to do more to promote Hyland Greens’ status as the best place to learn and practice the game of golf in the metro area. Both Hyland Greens and Dwan should be marketed more heavily. The Task Force recommends marketing enhancements such as signage, an e-mail database, website improvements including search engine optimization (SEO) and social media usage in an effort to create more awareness and visibility for both golf courses.
- g) Consider subsidizing Hyland Greens: It was noted by the Task Force that regardless of how much improvement is made to the course’s bottom line, there is the possibility that it will need to be subsidized in part by the General Fund or tax levy. This is similar to the pool and other park uses that our residents desire and helps to attract new residents and visitors to Bloomington.
- h) Establish a capital reinvestment fund: It is recognized that even if revenues are increased, there will still likely not be enough funds to make significant changes to the Hyland Greens facility. The Task Force suggests implementing a tax levy or allocating General Fund dollars to subsidize capital investment at Hyland Greens. A capital reinvestment plan funded outside of the operational budget would help to provide well-functioning and modernized facilities for users (e.g., updated clubhouse).

**Recommendation #2: Partially develop the east side of the Hyland Greens’ site while maintaining the golf course.**

In order to provide a more sustainable future for Hyland Greens, the Task Force recommends that the City Council consider a partial development scenario for the golf course. This option would preserve the existing nine-hole course and driving range while developing the eastern edge of the property where the former driving range was located. The Task Force agrees that it would make the most sense to develop the portion of the property closest to Normandale Boulevard, while leaving the golf course and driving range untouched. A review by the City’s Legal Department found no restrictions for selling all or part of the Hyland Greens property for development.

The revenues the City would realize from partially developing the Hyland Greens parcel vary greatly depending on the mix of land uses and the density of any proposed development. Revenues could be spent at the City Council’s discretion, but it has been the City’s best practice to spend one-time money on one-time expenditures. The Task Force recommends allocating a portion of the proceeds to future capital improvements at both Hyland Greens and Dwan as well as other park projects.

As the landowner, the City of Bloomington would be in a unique position to define the types of development and amenities included in any potential development. If the City Council decides to pursue partial development of Hyland Greens, the Task Force requests that Council considers the following guidelines:

- Minimize the impact on golf operations: Limit development to the 10 acres on the east side, roughly the footprint of the former driving range, so that the impact to the current golf course and

driving range is minimal.

- Maximize operational efficiencies at the golf course: As noted in Recommendation #1, the City should cut expenses to improve the bottom line, establish goals for the golf course to continue, and consider an ongoing subsidy for capital investment at the course.
- Reinvest in golf and green space: Dedicate a portion of the proceeds from the sale of the land to the golf course and other park and trail amenities in Bloomington.
- Consider medium-density development: Limit any development to medium density or less to keep it within the context of the neighborhood. The majority of the Task Force preferred that the site be developed in such a manner that it filled a gap in Bloomington's housing stock (i.e., senior housing). The Task Force recognizes that as the City limits the density of the development, revenues will decrease proportionally. If another option comes forward with a better use for the site, members are open to considering that opportunity if the economics of that proposal make sense for the residents of Bloomington.
- Solicit neighborhood participation: Gather input from the surrounding community in the development process and minimize disruption to the neighborhood, considering impact on traffic and home values in the surrounding area.
- Consider holistic and fluid development: Integrate the golf course into an environmentally conscious development design to make it fit the area, maintain green space perhaps by incorporating a public park and consider sustainable design.

The Task Force recommends that the City proceed with analyzing the pros and cons of the partial development option as well as gauging market interest so that it is ready to make a decision on this potential opportunity following the 2016 golf season.

## **Conclusion**

Hyland Greens Golf and Learning Center is a lovely course – a gem in the heart of Bloomington. It is one of the metro area's best places to learn and practice the game of golf with its short fairways, large driving range and first-rate chipping and short game areas. To preserve this amenity for the citizens of Bloomington, the Hyland Greens Task Force recommends that the City focus its efforts on maximizing the operations of both Hyland Greens and Dwan in order to make both courses successful in 2016 and beyond. An operations assessment by an outside golf consultant will help to identify where the problem areas are and how they can be addressed. Selling off the eastern portion of the golf course and reinvesting a portion of the proceeds into updating the facility should be explored as well in the interim.

Our vision of success for Hyland Greens is a profitable, well-functioning facility that attracts a wide variety of users. The Task Force believe that Hyland Greens can achieve this vision with the recommendations that are outlined in this memo.

The Task Force recognizes that if Hyland Greens is shut down, the likelihood of having a similar course developed in the city of Bloomington is slim. Accordingly, the Task Force is recommending that the City do everything it can to keep and maintain this amenity, recognizing that some type of subsidy may be required similar to what is provided for other community amenities.

The Hyland Greens Task Force thanks the City Council for the opportunity to provide feedback and recommendations on the future of Hyland Greens Golf and Learning Center. While the Task Force understands that the City Council maintains final decision-making authority regarding the future of the golf course, the Council is encouraged to give careful consideration to the group's findings and recommendations. The Task Force reviewed a wide variety of information and data and spent many hours discussing the merits of various options for Hyland Greens. The Task Force hopes that its input weighs heavily into the City's future planning for the golf course. The Task Force also requests that the City Council consider utilizing the group as a future resource if the opportunity arises.

Respectfully submitted to the City Council by the members of the Hyland Greens Task Force,

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**Attachments:**

- A) Hyland Greens Task Force Members, September 17, 2015
- B) Hyland Greens Task Force Charge, Revised October 14, 2015
- C) Golf Course Finances, October 28, 2015
- D) Sampling of Area 9-Hole Golf Course Budgets, November 10, 2015
- E) Future Use of Hyland Greens Memo, December 16, 2015
- F) Review of Three Categories of Potential Alternatives, December 16, 2015
- G) Hyland Greens Task Force Survey, December 2015