



City Council Meeting AGENDA

**STUDY MEETING
MONDAY, SEPTEMBER 19, 2016
6:00 PM**

MAYOR: GENE WINSTEAD

**COUNCILMEMBERS: TIM BUSSE
DWAYNE LOWMAN
JACK BALOGA**

**KIM VLASAVLJEVICH
ANDREW CARLSON
JON OLESON**

BloomingtonMN.gov: A yearly meeting schedule is available in the Council section. Also posted in this section are agendas (the Friday before a regular meeting), and the official minutes.

1. CALL TO ORDER – 6:00 PM Haeg Conference Room

2. ORGANIZATIONAL BUSINESS - Study Items

- 2.1. Golf Course Consultant Reports
- 2.2. South Loop Park and Fire Station 3 Project
- 2.3. 2017/2018 Proposed Internal Service Fund Budgets
- 2.4. 2017 Draft Council Meeting Calendar
- 2.5. City Manager Council Update

3. ADJOURN

Request for Council Action

Originator Community Services	Item Golf Course Consultant Reports
Agenda Section Organizational Business – Study Item	Date 9/19/2016

Description

In February 2016, the City Council directed staff to contract with an outside consultant to evaluate the current operations of the City's two golf courses, Dwan Golf Club and Hyland Greens Golf and Learning Center.

Following a request for proposals process, the City hired National Golf Foundation, Inc., to conduct a comprehensive evaluation of the City's golf operations and recommend courses of actions with the objective of ensuring future viability and profitability. The scope of work for this evaluation included:

- Market analysis
- Fee analysis
- Financial analysis
- Current and future economic/trend analysis
- Marketing analysis

Richard Singer, Director of Consulting Services for National Golf Foundation Consulting, Inc., will provide an overview of the firm's evaluation of Dwan and Hyland Greens. He will also review recommendations for operational, marketing, capital investment and budgeting enhancements at both golf courses.

In addition to the golf course study, the City Council requested an evaluation of market data relative to the eastern portion of Hyland Greens where the former driving range was located. Patchin, Messner, Dodd and Brumm has prepared a report on the feasibility of marketing the easterly 10.5 acres of the property for sale to provide guidance to the City.

Item created by: Diann Kirby, Community Services Director
 Presenters: Diann Kirby, Community Services Director
 Richard Singer, Director of Consulting Services, NGF Consulting, Inc.
 Matt Gersemehl, City Assessor

Item created by:
 Presenter:

Requested Action

Information and discussion.

Attachments:

Bloomington Golf Course Report - National Golf Foundation Consulting, Inc.
 Bloomington Golf Course Report Presentation - National Golf Foundation Consulting, Inc.

September 2, 2016

Diann M. Kirby,
Director, Community Services
City of Bloomington
1800 Old Shakopee Rd
Bloomington, MN 55431-3027

RE: Review of Operations for Bloomington Golf Courses

Dear Diann:

The following letter and report comprise a summary of the National Golf Foundation's ("NGF") review of the City of Bloomington's ("City" or "Bloomington") golf program, specifically related to Dwan Golf Club ("Dwan" or "DGC") and Hyland Greens Golf and Learning Center ("Hyland Greens" or "HGGC"). The review is based on NGF market research, visits to the properties, meetings with golf course and City administrative staff, and information gathered from ongoing and custom NGF research. The review included a strategic look at the City's overall golf offering, with specific review of the operation and economic potential of the 18-hole Dwan GC and Hyland Greens golf facility with nine holes and driving range. NGF considered, among other factors, the present physical condition of both golf courses and clubhouses, the market environment in which they operate, and alternatives for continued operation to formulate NGF recommendations for maximizing the economic potential of golf within the City.

This NGF review was managed by Richard Singer, MBA, NGF's Senior Director of Consulting Services, and Ed Getherall, MBA, Director of Consulting Services. Our activities conducted in preparation of this report included a visit and inspection of the subject Bloomington golf courses, review of the area market, meetings with key golf course and Bloomington administrative staff, and visits to several other area golf facilities that were deemed to be directly competitive with the subject Bloomington golf courses.

This letter is presented to provide an "at-a-glance" executive summarization of the full NGF review, detailing the main findings and NGF recommendations for the City of Bloomington in the continued operation of Dwan and Hyland Greens. Additional details and support data can be found in the full body of our report and its appendix.

OVERALL SUMMARY

Following is a brief summary of NGF findings on Bloomington golf courses in August 2016. Full detail and elaboration of these items can be found in the attached report. Key findings include:

- Both Dwan and Hyland Greens have the basic design features and location to be successful public golf facilities. However, as they sit today (August 2016), each facility has mitigating factors that prevent it from achieving its maximum economic potential, including:

- Shorter, par-68 golf course and no driving range at Dwan GC that has less appeal to better-skilled golfers.
 - Inadequate clubhouse at Dwan GC that has space and condition limitations.
 - Inadequate technology systems in place to maximize modern communication and marketing of public golf.
 - Lack of awareness in the market about Hyland Greens and the outstanding player development facilities in place.
 - Inflexible pricing that leads to golf being more expensive than is appropriate at certain times and for certain players (especially juniors).
 - A local market of aging golfers in Bloomington, and a City-wide lack of focus or adequate resources for marketing, especially to non-resident golfers.
 - Struggling, though perhaps stabilized, golf market that has experienced declines over the last 10 to 15 years due to a decrease in overall golf participation regionally and nationally, increased competition, and demographic and economic factors.
- Elements of the Bloomington golf facilities are deteriorating and will need new investment in the coming years to keep the facilities at a high level of condition and functionality. This is mostly related to the condition of the two golf course clubhouses that are both deteriorating in condition and lack appropriate size and function. In this report, the NGF team has recommended and detailed close to \$550,000 in investments and another \$45,000 in additional annual commitment in order to create the improved facility conditions needed to sustain competitiveness. The largest of the improvements noted by NGF involve upgrading the clubhouse at Dwan GC and improving the driving range at Hyland Greens. The clubhouse at Hyland Greens is likely beyond a point of repair, and the cost for a new structure was not included in the NGF-noted investments.

Operating Structure

- The basic operational structure in place for Bloomington golf appears appropriate to NGF, and **no other form of operation is likely to materially improve the economics of Bloomington golf**. The NGF has concluded that continued self-operation (as-is) is the most viable operating structure, at least for the short term. Our review did not uncover any indication that the facilities are being mismanaged in any way, and this golf system has the benefit of a veteran staff with multiple positions possessing many years of experience.
- The golf courses appeared to be staffed appropriately, as the courses compare well to national and regional benchmarks. However, while staffing totals are in line with benchmarks, the total cost of golf system labor is higher than the benchmarks, perhaps a result of the high level of experience and seniority in the system.
- The Bloomington golf courses, especially Dwan GC, are essentially fixed public golf operations in that much of the activity is derived from a market of resident golfers who are active in one (or more) of the many leagues and clubs that frequent the facility. Having this core of committed, frequent players is a strength for Bloomington golf, but also a potential future weakness as this core of frequent players is aging and is needed to be replenished with a new generation of younger golfers.
- Bloomington golf courses are operating with a serious deficiency in technology, particularly as it relates to modern point-of-sale (POS) systems, marketing and communication with golfers. This finding is directly related to other findings of generally inadequate messaging and promoting the golf facilities.

- The fee structure in place at Bloomington golf courses does not offer enough variance, and as a result both Dwan and Hyland Greens can be too expensive in this market for what they are offering. Bloomington golf courses would benefit from expanding the price structure to offer discounts for weekdays, late afternoons and a much lower rate for juniors at Hyland Greens, perhaps as low as \$8.00 for some junior rounds.

Market Analysis Findings

- The City should also understand that the external golf market is not favorable for strong economic performance of City golf courses. While the basic ratio of golfers per golf course is favorable in Bloomington, the large number of choices for golfers in the greater Twin Cities market will continue to impact activity at Dwan and Hyland Greens for the foreseeable future. In addition, interest in golf is not growing enough on its own to sustain Bloomington golf courses, and more is needed to develop and train new golfers. The NGF notes the ideal facilities in place in Bloomington to provide this new player development, especially among younger people.
- Total rounds activity among golf courses in this market have declined since a recent peak around 2008, and the long term peak around 1999-2000, although average rounds per 18 holes (weather adjusted) seem to have stabilized in the last few years.
- In completing our review for Bloomington, the NGF collected information and data on other area municipal golf systems. The NGF team found:
 - Total labor and staffing expense per golf hole is lowest for Bloomington.
 - Bloomington has the highest internal (inter-departmental) expense, but comparison may not be a 100% match of expense categories.
 - The Cities of Inver Grove Heights and Edina are preparing to undergo considerable renovation or upgrade of golf facilities.
 - The two largest municipal golf systems in the Twin Cities area, Minneapolis and St. Paul, are not operating golf as a true enterprise fund.

Economic Performance

- Figures provided by the City show a general decline in rounds activity and revenue at the golf courses, with recovery in 2015 and 2016, while total operating expenses have been stable. In total, the two-facility golf system in Bloomington is operating with a net loss of **(\$291,890)**, with a higher proportion of this loss coming from the Hyland Greens GC operation. What does stand out to NGF in reviewing the golf expenses in Bloomington is the large internal “inter-departmental” expense for services provided to the golf enterprise by other City departments. This means that while the City’s golf enterprise operated with a **(\$291,890)** loss, more than \$268,300 of that was in the form of payments to other City departments.
- The NGF review of the Bloomington golf system economic performance strongly suggests that the golf courses are not capable of generating enough income to cover both on-site expenses **and** internal overhead and capital projects without continued General Fund (taxpayer) support. This is especially true at Hyland Greens GC, where the “beginner-oriented” operating platform may not be a true enterprise operation capable of sustaining the income needed to cover all operating costs.

Individual Facilities Review

Our review of the two individual golf facilities revealed a few items of note that were unique to each property:

- **Dwan GC** – Dwan offers a good golf course that is playable and easy to walk. Local seniors seem to appreciate it much more than others in the market. The clubhouse is not efficient in its design, has too small a pro shop and outdated restrooms.
- **Hyland Greens** – HGGC is a great beginner facility that has a great story that needs to be told to the community better. The easternmost 10+/- acres of property are not material to the golf facility overall, and if parceled off for non-golf use, would not have a major impact on golf at Hyland Greens GC.

RECOMMENDED COURSE OF ACTION

NGF Consulting has prepared a schedule of specific recommendations to be considered by the City and golf staff. These recommendations have been organized into: (1) basic oversight and structure; (2) physical enhancements; and (3) operations, marketing and pricing.

Basic Oversight and Structure

The NGF team recommends that Bloomington continue to operate Dwan and Hyland Greens directly under its present form of self-operation, but with some modifications.

This structure will offer the City the greatest chance for success in the operation and provide a level of hands-on control so as to maximize the implementation of the program elements that will be required for the City to succeed in golf. The key modifications to the City golf operation oversight include:

- Improve marketing, focusing on both golf and non-golf services (food & beverage at Dwan), and new player development at Hyland Greens.
- Adjust pricing to broaden the fee structure and include new rates for weekday/ weekend, twilight and juniors (detail provided by NGF in body of this report).
- Invest in facility improvements and begin planning for the funding of needed capital improvements. This plan should be funded outside of net golf income, as this revenue will likely never be sufficient to provide the updated facilities that are needed to compete effectively for expanded markets (more below).
- Consider modifying the inter-departmental charges as these costs are fixed to the City, and would remain even if the golf course(s) were removed. The City may find it possible to either reduce or eliminate some of these charges to the golf enterprise.
- **Move Hyland Greens GC out of the Golf Enterprise Fund and place it in the General Fund.** Hyland Greens is not a true enterprise operation and should be considered as a recreational amenity for the community for developing new golfers and providing active, physical recreation for Bloomington residents, especially juniors. As a General Fund operation, Hyland Greens can become like other park uses with lower cost recovery, and do not have a profit or 'break-even' requirement. If it remains as an enterprise operation, it is likely that Hyland Greens GC will always require taxpayer subsidy to support operations.

Physical Improvements

In addition to the basic recommendations described above, some changes in the physical plant at Bloomington golf courses will also be necessary and are documented in this report. The NGF identified approximately \$554,000 in capital improvements to the golf courses, some of which relate to physical plant, including the following highest priority items:

- Complete an upgrade of the Dwan GC clubhouse to modify the existing space, add a larger pro shop and improve restrooms (NGF estimated cost = \$200,000).
- Expand the size (length and depth) of the driving range at Hyland Greens to provide more space and more stations, and add lights to the range for night use (if allowable by local guidelines (NGF estimated cost = \$189,000).

Site Modification Considerations

The NGF team has also reviewed two options for revising the site plan at each of the Bloomington golf locations. In summary, the NGF does recommend the City proceed with changes at Hyland Greens, while the changes considered at Dwan GC are not likely to be cost-effective. The NGF found:

- The former range site along Normandale Blvd could be removed from the golf facility and developed as an alternate (non-golf) use without disrupting the existing facility. **This action is recommended by NGF**, especially if the City would use any proceeds from the site change to complete future capital projects to improve Dwan and Hyland Greens GC.
- The only way to add a driving range to Dwan GC is to expand the 94-acre golf course, likely through the direct acquisition of adjacent property and renovation of several golf holes. This project is likely to cost the City in excess of \$600,000 to complete, excluding any cost to acquire the land. **This improvement is not recommended** by NGF as the project is not likely to provide any real return on investment and any capital available should be used to complete other high priority improvements at Dwan and Hyland Greens.

Operational Recommendations

NGF has also prepared recommendations that should be helpful in growing rounds and revenue at Bloomington golf courses. These recommendations are based on the NGF consultants' experience and expertise and stem from a limited review of the operation and facilities. We also recognize that many of these items are already being enacted, but simply need more focus, resources and attention. Our recommendations include improvements to marketing and branding, enhancement of electronic capabilities (website, email, etc.), direct selling to grow tournament and visitor business, improved signage, enhanced player development programs, and an increased emphasis on growing female golf participation.

Of particular focus in the NGF operational recommendations is a proposed new and enhanced emphasis on marketing. The NGF team found Bloomington to be deficient in this area, mostly a result of the strong regular-play contingent that frequents the facility. In this report, the NGF provided the basic blueprint for an effective marketing program for Bloomington golf, including ideas to help maximize the use of technology, improve internet marketing, print advertising, direct selling, improved signage and renewed emphasis on player development activities at Hyland Greens GC.

CASH FLOW RESULTS

The NGF prepared a cash flow model for Bloomington golf courses, assuming the continued operation of the facilities under the present structure, but with some modifications as recommended by NGF. The projection was based on a set of assumptions related to both operations and external market that are subject to change. The estimates were created to help the City understand the expected performance of the two golf courses in the coming years, assuming some upgrades as recommended by NGF and a “standard” market environment.

The results of NGF Consulting’s preliminary cash flow projection show that, if operated in the same basic structure that exists at the club today with some upgrades as recommended by NGF, City golf courses could grow enough to generate \$2.0 million in revenue on 65,000 total rounds (starts) by 2019. This figure represents an increase of about 14% over 2015 total rounds, and would still not be enough to cover all defined golf enterprise obligations (including inter-departmental and capital) under the current golf enterprise structure. However, Dwan GC as a single entity would be able to cover all its obligations (including inter-departmental and capital) under this scenario.

Put another way, it does not appear that the Bloomington golf operation, as currently situated, is capable of funding its entire operation, all internal charges and the capital investment needed to upgrade the facilities. However, the NGF believes that these facility upgrades will be necessary to generate the revenue needed in later years to sustain basic “day-to-day” operations. It is clear to the NGF consultants that even if the City operates the golf courses under the enhanced scenario presented above, the facilities will not be capable of sustaining large-scale capital cost reduction.

Moreover, though we expect that the system can ultimately produce positive net operating income, **NGF believes it is not likely that the system can continue to cover all obligations and will require external support.** Extensive NGF experience with municipal golf operations all over the country have taught us that any short-term operating surpluses that can be achieved should be set aside for future improvements that will inevitably arise. Transferring some or all of these surpluses to the General Fund would ultimately make the facilities less competitive due to a lack of resources. We have observed a growing trend of municipalities “forgiving” accumulated golf enterprise fund deficits (sometimes in conjunction with transferring accounting of golf operations to the General Fund) – **a very key public policy decision that can accomplish more than virtually anything else in ensuring the future sustainability of a municipal golf system that is economically challenged.**

Site Alteration Considerations

In an effort to help improve the economic position of the golf courses, the City should consider new investment in the expansion of clubhouse facilities at either (or both) City courses. The NGF has considered partial renovation and improvement at Dwan GC, but has not addressed the economics of the clubhouse that is needed at Hyland Greens GC. One course of action for the City of Bloomington to help improve the economics of the golf enterprise and also allow for the development of new and/or improved clubhouse facilities at both courses would be to complete the proposed land use change for the easternmost 10 acres of Hyland Greens GC. If the City is able to generate new capital from the sale or lease of this property, and this capital is then used to improve the clubhouses (and other items) at the golf courses, it is expected that the overall economic position of the golf enterprise would improve dramatically with new / or improved clubhouse facilities. The land use change is not expected to negatively impact the golf course or driving range, and thus would provide the golf system with a needed infusion of capital to complete needed projects and help the facilities become more competitive in the local market.

SUMMARY

Bloomington is operating two public golf courses that are of good quality and are very popular in Bloomington, but do not have much impact to golfers beyond the City's boundaries. NGF Consulting recognizes the fiscal challenges faced by the City in the operation of these golf courses, and reminds the City administration that these challenges are common in the industry in 2016 and not at all unique to Bloomington. As the City moves forward in creating a new plan for Dwan and Hyland Greens, it must understand that the level of rounds activity needed to meet all facility on-site obligations, internal City overhead AND make capital improvements is not likely to be achieved in the near future (and is not being achieved by other area courses).

As such, it is clearly in the best interest of both the City and its golf course management team to do all it can to enhance the facility and attract the highest volume of activity that can be achieved, some of which will have to come from outside of Bloomington and in segments that will require new investment in facilities (e.g., improved clubhouse at Dwan and enhanced practice amenities at Hyland Greens). The NGF does not view the Hyland Greens GC operation as a true "enterprise," and this facility should be supported by the City and maintained as a community recreation amenity dedicated to developing new golfers, especially juniors.

Diann, we very much appreciate your confidence in the National Golf Foundation and its consulting services, and we have enjoyed the opportunity to be a part of your planning for Bloomington golf courses. We are hopeful that the information and recommendations NGF has provided will assist you and City officials in your upcoming decisions on these golf properties. I am happy to talk with you or any other City staff or Councilmember to discuss our report, or other matters related to golf facility operations or market/industry trends. We look forward to your questions and hope you enjoy reading our consulting report.

In review of this golf system, NGF found six key specific areas that we feel are the most significant items to be addressed by the City in an effort to improve performance. These items, in priority order, are:

1. Move Hyland Greens GC out of the golf enterprise and into the general fund
2. Expand the reach out to golfers living outside of Bloomington
3. Enhance marketing, especially related to technology (internet, email, social, etc.) and direct selling (tournaments, hotel, non-golf food & beverage)
4. Modify and improve the clubhouses at both DGC and HGGC
5. Adjust the pricing of golf at both facilities to offer more discounts, especially to juniors at Hyland Greens GC
6. Maximize the use of land assets at Hyland Greens GC to allow for new (non-golf) uses of property, with proceeds going to improve the City's golf facilities

NGF finds that action on these above items should lead to improved economic performance and provide some economic relief to the City and its golf system.

Sincerely,



Richard B. Singer
Director of Consulting Services
rsinger@ngf.org
561.354.1642

**Review of Operations
For
Dwan Golf Club and Hyland Greens Golf and
Learning Center in
Bloomington, MN**

Prepared For:

City of Bloomington
1800 W. Old Shakopee Rd
Bloomington, MN 55431

Prepared By:



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August 2016

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Introduction

PURPOSE

NGF Consulting was retained by the City of Bloomington (“Bloomington” or “City”) to assist in evaluating the current condition and future market potential of the City-owned Dwan Golf Course (“Dwan GC” or “DGC”) and Hyland Greens Golf and Learning Center (“Hyland Greens GC” or “HGGC”). The City is considering options for the future of these facilities and seeking to better understand the realistic economic potential of the two-course City system given market and site realities. The results of this market and facility analysis will be used to help determine the appropriate course of action.

BACKGROUND

The City is operating two golf facilities in separate locations within Bloomington. These facilities include a high quality, regulation-length golf course at Dwan GC and a 9-hole par-3 golf course with driving range at Hyland Greens GC. Neither facility is offering a full, par-72 championship golf experience, thus the Bloomington facilities may not have significant regional impact. The system dates back to the 1970s, with the initial City development of Dwan GC and the acquisition from private owners of the older Hyland Greens GC in 1974. As a result, the City now operates a two-facility system with facilities that have strong appeal to less-skilled golfers, and are very popular among Bloomington residents.

In reviewing the Bloomington Golf Course system, it is clear that these golf courses are important to the City, and add value to its overall park system. The golf system generated approximately \$1.742 million in total on-site revenue from golf operations in 2015, along with about \$2.034 million in total operating expense (including cost of sales), of which about 59% is from personnel expenses. In 2015, the combined two-facility golf system is operating with revenues that are just barely sufficient to cover all day-to-day on-site operating expenses, but not enough to cover all golf enterprise expenses including inter-departmental charges and capital. This basic financial condition is common in municipal golf across the U.S., as NGF surveys indicate that only about 33% of public agency golf courses are currently covering **all** expenses including internal overhead and capital obligations.

The City’s golf courses have declined in performance for a number of reasons, some of which are not controllable by the City. Factors such as weather, lingering effects from the most recent recession, the declining interest in golf, limited time availability and an aging golfer population have all contributed to the recent decline. It is clear to the NGF that the City will now have to become more active in addressing the issues related to golf operations and may even have to accept a “new reality” for the performance of these facilities. The review and recommendations contained in this report from NGF are designed to help the City understand the actions it can take to help maximize the performance of the golf courses, while also fully understanding the uncontrollable factors and how they affect the golf system.

NGF REVIEW – 2016

In 2016, NGF Consulting was retained by Bloomington to assist with evaluating the golf courses and to make recommendations to help ensure the long-term viability of the system. This includes a thorough review of the system on an ‘as-is’ basis, as well as an examination of the system’s capital needs and changes that could be made to enhance the future potential of these

City golf facilities. It is expected that the results of this NGF study will be used by the City as a guide for the future of the golf system. The review includes an evaluation of the system as it is presently operated, and includes several ideas for physical changes that could be made to help improve the overall economics of the golf enterprise.

The findings and recommendations presented by NGF in this report are based on NGF Consulting experience, knowledge of golf industry best practices, and a review of each facility. NGF completed tours and meetings with key personnel (at each property and City administration) in June of 2016.

Under consideration for this report are the present condition of Bloomington Golf Courses and the status of the greater Twin Cities area public golf market. The purpose of this market and facility analysis is to provide the City with an evaluation of the local golf market and an estimate of the overall economic potential of Dwan and Hyland Greens as City-owned golf courses.

The key components and issues of this report include:

- Overall condition and operating efficiencies of Bloomington golf facilities.
- A review of golf industry standards and norms of operation.
- Status of the broader Bloomington market area, with focus on external issues that can affect public golf operations, including the balance between demand and supply.
- A comprehensive review of each City golf course and its present physical condition and capital needs.
- Benchmarking Bloomington golf operations with industry standards and norms
- Providing recommendations on the appropriate mix of facilities in relation to location, quality, challenge and pricing.
- Provide recommendations to help expand the customer base in Bloomington, and provide strategic guidance to ensure golf's continued viability in the City.

The NGF consulting engagement was managed by Richard B. Singer, Director of Consulting Services, with assistance from other NGF staff including: Ed Getherall, Senior Director of Operations; and Jodi Reilly, Consulting Administrator. In addition to meetings with Bloomington officials and golf course personnel, the NGF consultants collected materials to aid in understanding the local market area, including economic, demographic, and weather data, and operating data from other regional municipal golf operations. NGF also collects considerable information and data on the golf industry on an ongoing basis as a regular part of our organization's work, and relevant parts of this information and data are presented throughout this report.

External Factors Affecting the Operation of Public Golf Facilities

To assess the activity levels and potential market opportunities for the Bloomington Golf Courses, the environment in which the facilities operate must be understood. Therefore, it is helpful to examine local economic and demographic factors that have the potential to impact rounds played and fee tolerances. This overview will include an analysis of the area's demographics, as well as a brief discussion of the local economy. In the second part of this section we provide an analysis of key golf market demand and supply indicators and a review of the competitive public golf market in the Bloomington / south Minneapolis area, including some local municipal benchmarking.

BASIC DEMOGRAPHICS AND THE LOCAL ECONOMY

NGF summarizes the population, median age, and median household income for the local markets for each City of Bloomington golf course.

Demographic Analysis

The table in **Appendix B** summarizes key demographic measures and trends that relate to golf participation. NGF key observations include:

- The local communities that surround each Bloomington golf site are very similar in demographic characteristics. The market around Hyland Greens is slightly larger, with comparable household incomes. The large population base within 10 miles of each facility is viewed as a positive indicator for the economic health of the system.

Local Population and Income 2014				
	Population		Median HH Income	
	5-Mile Ring	10-Mile Ring	5-Mile Ring	10-Mile Ring
Dwan GC	185,508	719,114	\$66,304	\$74,653
Hyland Greens G&LC	171,083	762,727	\$70,107	\$72,492

Source: NGF Consulting, Tactician Corporation, Applied Geographic Solutions. N/A = not available

Other Findings:

- The greater Minneapolis/Bloomington metro area population has increased by more than 34% since 1990, and growth is expected to continue through 2020.
- Median household income in Bloomington is 58% higher than the state, and 41% higher than the national median income. In general, higher income residents are more likely to participate in golf and play more frequently than lower income residents.
- Median age in the market area is moderately higher than the state and national medians. In general, golf participation and frequency tends to increase with age.

- The local markets have very high Caucasian populations compared to the national average. Caucasians have traditionally exhibited the highest golf participation rates.

Key Economic Factors

The NGF has examined certain economic factors that have the potential to affect the demand for public golf in the Bloomington market area. Following are some key observations highlighting the economy, transportation, and visitation characteristics of Bloomington and the surrounding Minneapolis MSA. The findings are viewed as mixed for the region, with Bloomington showing mostly positive characteristics related to continued operation of City golf courses.

It is clear that the recent recession has had a direct effect on the demand for golf both nationally and locally, as decreased discretionary income led to reductions in recreational / leisure spending. Following are some key observations about climatic and economic characteristics of Bloomington and greater Minneapolis that have the potential to affect demand for golf.

Climate

As with any outdoor recreation, weather impacts golf participation. NGF data estimates that almost all golf is played with temperatures between 50 and 90 degrees Fahrenheit, although evidence suggests greater tolerances at lower temperatures in this local market. Understanding local weather patterns helps determine the number of golf playable days. The data suggests that golf in Minnesota can be realistically played in a 7-8 month golf season, with some additional golf days available in some abnormally warm years. With an average of ±40 inches of precipitation during the four-month summer season, this golf market is prone to a reduction in playable hours/days. The following table presents a summary of monthly weather data for the Minneapolis-Bloomington area based on 50-year recorded trends:

Climatological Data Minneapolis/St Paul/Bloomington MSA						
Month	Temperatures			Precipitation Inches	No. of Rain Days	Average Length of Day (Hours)
	Average	High	Low			
Annual	45	54	36	27.8	111	12.8
January	14	22	5	0.8	9	9.8
February	18	26	9	0.8	7	11
March	30	39	22	1.6	9	12.5
April	46	56	37	2.2	10	14.1
May	58	69	48	3.4	11	15.5
June	68	78	58	4.2	12	16.2
July	73	83	63	3.6	10	15.8
August	71	81	61	3.6	9	14.5
September	62	72	52	2.9	9	13
October	50	59	40	2.1	8	11.4
November	33	41	26	1.5	8	10.1
December	20	27	12	1	9	9.4

Source: Weatherbase.com, Burnsville, MN

Minneapolis – St. Paul MSA

The Minneapolis-St. Paul Metropolitan Statistical Area (MSA) is home to about 3.5 million people, ranking 16th in the United States. The MSA is the primary business center between Chicago and Seattle. Other findings on the overall MSA that could impact the performance of City of Bloomington golf courses include:

- The Minneapolis–Saint Paul area is home to 16 of Minnesota's 17 Fortune 500 headquarters, including corporate giants such as UnitedHealth Group, Target, Best Buy, General Mills and Ameriprise Financial. The area has the second largest economy in the Midwest, behind only Chicago. The Twin Cities is the second largest medical device manufacture center in North America. In August 2013, Minneapolis–Saint Paul appeared on Forbes magazine's list of Best Places for Business and Careers. CNBC ranked Minnesota as the top state for business in 2015.
- Bloomington (population 87,224) is located 10 miles south of Minneapolis in Hennepin County. It is bounded by the Minnesota River to the south and east, Interstate I-494 to the north and U.S. Highway 169 to the west. Bloomington is a major contributor to the Minneapolis MSA as well as a central transportation hub for the region with the Minneapolis-St. Paul International Airport just north of the City. Bloomington is home to hundreds of companies providing more than 88,000 jobs.
- The Minneapolis MSA contributes 63.8% of the gross state product of Minnesota. The area's \$145.8 billion gross metropolitan product and its per capita personal income rank fourteenth in the U.S.
- A study conducted by D.K. Shifflet & Associates, Ltd., shows the Minneapolis-St. Paul MSA hosted 30.9 million visitors in 2014, which is a five percent increase over 2013 and an all-time record for the area. Those visitors spent \$7.4 billion in the area, an increase of 4 percent over 2013, when spending was \$7.1 billion. The number of leisure visitors alone also increased 2.8 percent to 22.3 million in 2014 from 21.7 million in 2013, with their spending increasing to \$5.1 billion, or 2 percent over \$5 billion spent in 2013. It is expected that some of this economic activity will include public golf, indicating some impact is expected at Dwan and Hyland Greens GCs.
- The Minneapolis region is served by a comprehensive network of Interstate highways, connecting to all quadrants of the Twin Cities. Interstate 35 (and auxiliaries 35E and 35W) provide convenient north-south access, while Interstate-94 (and auxiliaries I-394 and I-494) provide east-west service. However, neither of the City's two golf courses are immediately proximate to these major highways, although Hyland Greens is more convenient with the Normandale Blvd/I-494 interchange 2.25 miles away.
- Minneapolis-St. Paul International Airport (MSP) is the 16th busiest airport in the world, with 36,582,000 passengers passing through it in 2015. It covers more than 3,400 acres, on the northeast border of the city between Minnesota State Highway 5, Interstate 494, Minnesota State Highway 77, and Minnesota State Highway 62. MSP is the third largest hub airport for Delta Air Lines and its Delta Connection partners. This airport is immediately proximate to the City of Bloomington and much of the lodging activity in Bloomington is related to MSP.

City of Bloomington

Bloomington is located in Hennepin County on the north bank of the Minnesota River, and is the fourth largest city in Minnesota. Bloomington lies 10 miles (16 km) south of Minneapolis. The city's population is 87,224, according to the most recent estimate from the State of Minnesota. Other findings on Bloomington that could impact the performance of City's golf courses include:

- Bloomington has more jobs per capita than either Minneapolis or Saint Paul, due largely to the presence of the Mall of America, the largest enclosed shopping center in the U.S. The City is also home to Ceridian, Donaldson Company, HealthPartners and Toro, and major operations of Express Scripts, Seagate Technologies and Wells Fargo Bank are also based in the city.
- The city is home to a large contingent of employers, providing more than 88,000 jobs. Benefiting from its location near major transportation routes and the MSP Airport, Bloomington is a major hospitality center with nearly 8,000 hotel rooms. According to the City's 2014 Comprehensive Annual Financial Report, the top employers in the city are:

Employer	No. of Employees
Mall of America	13,000
HealthPartners	2,666
Bloomington School District	1,936
Seagate Technology	1,743
NCS Pearson	1,245
Donaldson Company	1,174
Toro	939
Express Scripts	838
Wells Fargo	678
Normandale Community College	675

- The Mall of America is the largest mall in the United States and is located in Bloomington, southeast of the junction of Interstate 494 and Minnesota State Highway 77, and in immediate proximity to the MSP Airport. The mall receives over 40 million visitors annually, 80 percent of which are from Minnesota, Wisconsin, Iowa, the Dakotas, Illinois, Ohio, and Canada. The mall employs over 11,000 workers year-round and 13,000 during peak seasons.
- A major improvement project is occurring to leverage private retail, office, hotel, restaurant and residential developments in Bloomington's South Loop District, an urban center at the crossroads of the metro area's transportation network.
- It is clear that residents of Bloomington and nearby communities place a high value on outdoor recreation, including golf activity. Like Bloomington, all of the larger municipalities in the Twin Cities include municipal golf courses with varying degrees of economic success. However, the presence of these facilities demonstrates the importance of outdoor recreation and the community need to provide adequate facilities, as is provided in Bloomington.

GOLF MARKET SUPPLY AND DEMAND INDICATORS

Below are some observations regarding national and local trends in golf demand and supply.

National Trends in Golf

While socio-demographic, financial and cultural headwinds certainly persist, golf continued its macro trend toward stabilization in 2014-2015. Considering the severity of the recession and its lingering effects on discretionary income and time, golf has held up rather well. Multiple NGF studies of golfers since 2008 attribute the gradual decline in golfers and rounds since peak participation primarily to the impact of lower job security and concern over personal finances, not waning appeal for the game. Golf's pay-for-play green fee revenues and other spending on the sport will always be vulnerable to outside forces such as weather and the economy, but the game remains popular and is fortunate to have a deep well of interested prospects.

Positive economic indicators, stabilization in participation and rounds played, an increase in weather-adjusted utilization, and the return of private equity funding to the industry are just a few of the under-reported developments in golf that tell the current story of the industry. Also, participation has historically tracked closely with Real Adjusted Household Income, suggesting that if income increases, there's a likelihood that the golfer trajectory would increase with it.

Other findings:

- **Participation** - The national golfer number (participation) appears to be continuing a stabilization trend (with some net leakage among mainly occasional/less committed golfers), with 2016 projected to be the fifth consecutive year at approximately 24+ million golfers that played at least one round of golf in the past 12 months.
- **Rounds Played** – Despite poor weather that suppressed first-quarter play in 2015, rounds played nationally finished the year 1.8% ahead of 2014, according to Golf Datatech. In the first half of 2016, golf rounds were up 2.7% over 2016 nationally and 2.2% in the Twin Cities metro. June 2016 was particularly strong for Minnesota and the Twin Cities, with 13.4% improvement in the State and 3.5% improvement in the metro area in June 2016 (**Appendix C**).
- **Golf Course Supply** - The correction in golf course supply continued in 2015 at a level comparable with the previous three years. According to NGF data, since the market correction in golf course supply began in 2006, there has been a cumulative net reduction of 679.5 golf courses (18HEQ), which represents a drop of about 5% off the peak supply year of 2005. For perspective, golf supply grew by 40% in the previous 20 years (1985-2005). This much-needed move toward supply/demand equilibrium is expected to continue for the next several years.
- **Looking Ahead** – Provided rounds played and participation remain stable as forecasted, golf is likely a good weather year away from seeing growth in 2016-17. Additional course closures will occur as the market correction continues. It's important to note that the quality and affordability of the remaining courses will provide golfers with plenty of reasons to play when the weather cooperates – just as they did in 2015. The NGF data does not support widespread decline in golf, but golf business remains competitive, as is the case with many business categories in the U.S. economy. The smartest, best-managed and most innovative golf facilities will win market share and have the best opportunity for growth.

Local Golf Demand

The following are some summary NGF observations regarding key golf demand measures for the local golf market. Please see the supporting tables in **Appendix B**.

- There are an estimated 22,900 golfers living within five (5) miles of Dwan, with the potential to demand as many as 460,000 rounds of golf each year.
- There are an estimated 23,300 golfers living within five (5) miles of Hyland Greens, with the potential to demand as many as 479,000 rounds of golf each year.
- NGF estimates that about 25,750+ rounds of golf are played per 18 holes each year (varies based on weather) at the golf courses in this 10-mile market.
- The golf demand indices for the local Dwan, Hyland Greens and overall Bloomington markets indicate golf participation rates that are 50% to 60% higher than the national rate. Rounds demand per household is about 5% to 15% lower than the national benchmark (this measure of demand mitigated somewhat by climate issues and the relatively low median age).
- Population growth is expected to increase the number of golfing households within five (5) miles of Dwan and Hyland Greens by about 1,300 to 1,500, respectively over the next five years, while the Minneapolis MSA adds about 22,000 new golfing households during that time.

Visitor Golf Demand

Earlier we noted about 30 million visitors to greater Minneapolis in 2015. These visitors contribute significantly to golf course activity in the overall region. NGF research shows that roughly one-third of all golfers participate in the activity while traveling, playing 0.557 rounds per day of travel. Based on current golf participation rates, the estimate for total tourist golf rounds in the Minneapolis market is 500,000 to 600,000 rounds annually. Though Bloomington would capture only a small proportion of these rounds from visiting golfers, it is nonetheless important for the City to maintain a strong marketing presence, especially through digital/website channels, as a couple of thousand visitor rounds could make a big difference in the bottom line.

Latent Demand

People who express an interest in playing golf but have not yet started include former golfers and those who have never tried. The demographic profile of latent demand tends to be more female and younger than the population as a whole. Surveys show these golf-interested non-golfers cite several barriers to entry in golf, including the cost and social aspects (no one to play with). The latent demand population is comparable to the golfer population, and NGF estimates as many as 25,000 interested non-golfers in the 5-mile markets for both DGC and HGGC. Given golf's tenuous participation situation, all golf courses should have active programming aimed at inviting and "onboarding" prospective new golfers.

Local Golf Supply

The following are some summary NGF observations regarding key golf supply measures for the local golf market. Please see the supporting tables in **Appendix B**.

- There are four (4) total golf facilities (3 public access), totaling 54 holes, within 5 miles of Dwan GC. Ratio analysis based on national benchmarks shows that this market has 300% (three times) more golfing households available to support each 18 holes of golf than the nation overall. In the 10-mile market around Dwan, there are 24

total facilities (15 public), with ratio analysis showing 165% more golfing households available to support each 18 holes of golf than the national benchmark.

- The Hyland Greens market is slightly more dense, with 5 golf facilities (3 public access), totaling 90 holes within five (5) miles. Ratio analysis shows that HGGC’s 5-mile market has 176% (1.8 times) more golfing households available to support each 18 holes of golf than the nation overall. In the 10-mile market around Hyland Greens, there are 22 total facilities (14 public), with ratio analysis showing 200% more golfing households available to support each 18 holes of golf than the national benchmark.
- The NGF estimates that a net of 333 holes were closed in the Minneapolis MSA since 2006, the equivalent of 18.5 eighteen-hole golf courses (all public). This is consistent with broader national trend of golf course contraction. Some of the most recent closures include 18-hole courses Elm Creek GC and Minnetonka CC – both located in Hennepin County – and the 9-hole Fred Richards course in Edina. Closer to home, the 5-mile ring around Dwan lost 9 holes since 2010, while data shows 18 fewer holes in the 5-mile market around Hyland Greens over that time period.
- The NGF database shows no new golf courses either in planning or under construction in the Dwan or Hyland Greens market areas.

Golf Course Market Supply / Demand Summary

Using the most basic measures of golf demand and supply, we note four possible combinations for any given market area: (1) favorable demand and favorable supply (“potential growth market”); (2) favorable demand and unfavorable supply (“active”); (3) unfavorable demand and favorable supply (“inactive”); and (4) unfavorable demand and unfavorable supply (“saturated”). The review of data for the Bloomington / greater Minneapolis area suggests a potential growth market for golf, with relatively strong demand from resident households, somewhat favorable golfing household per 18 holes ratios, significant supplemental demand from visiting golfers, projected growth in population, and no new golf courses on the horizon. However, the local and regional markets appear to still be relatively oversupplied with ‘standard’ price point facilities, despite course closures over the last decade.

Golfers per 18 holes

NGF has also evaluated the relative strength of these markets with a comparison to a national “threshold” of golfers per golf course within 10 miles of a golf course. In its 2009 publication “*The Future of Public Golf in America*,” NGF hypothesized that the best predictor of a public golf course’s success was the number of golfers per 18 holes within a 10-mile radius, with 4,000 identified as the key number for projected financial stability. As shown in the table below, the two Bloomington courses are in local sub-markets that clearly exceed the success threshold, while the overall Minneapolis MSA is well below the threshold. This is reflective of the local density of population and relatively low number of golf courses in in proportion to the population. The importance of this metric is mitigated in this market with large populations within the 10-mile ring that are south of the Minnesota River and without easy access to Bloomington golf courses.

10-mile Rings	Est. No. of Golfers	Total 18-H Equivalent	Golfers per 18 holes
Dwan GC	92,663	21.0	4,412
Hyland Greens G&LC	96,342	18.5	5,208
Total U.S. “Threshold” for Successful Public Golf			4,000
Aggregate Minneapolis MSA	432,400	179.0	2,416
Source: National Golf Foundation			

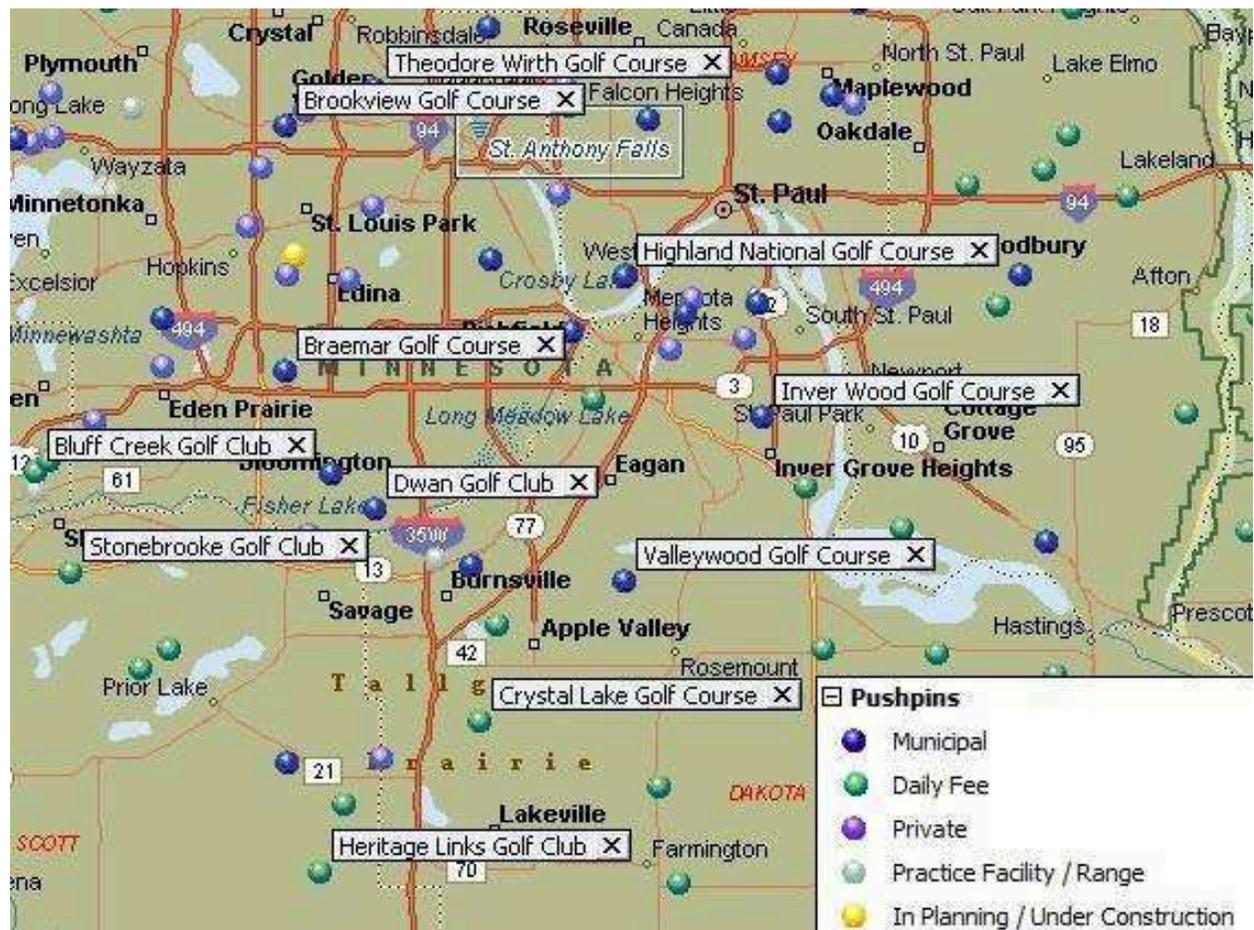
LOCAL COMPETITIVE GOLF MARKET

NGF Consulting has analyzed the public access golf market in Dwan' and Hyland Greens' primary trade areas, with particular emphasis on determining each facility's current market position and prospects for sustaining and/or building market share in the future. On the following pages, we list summary operating information for a group of selected competitive golf facilities. This list was not meant to be totally exhaustive or to account for all of the potential competition to Dwan and HGGC. Rather, NGF is presenting this information to offer a frame of reference in evaluating actual performance of the subject facilities in recent years. At the end of this section, we provide our significant findings regarding the competitive market.

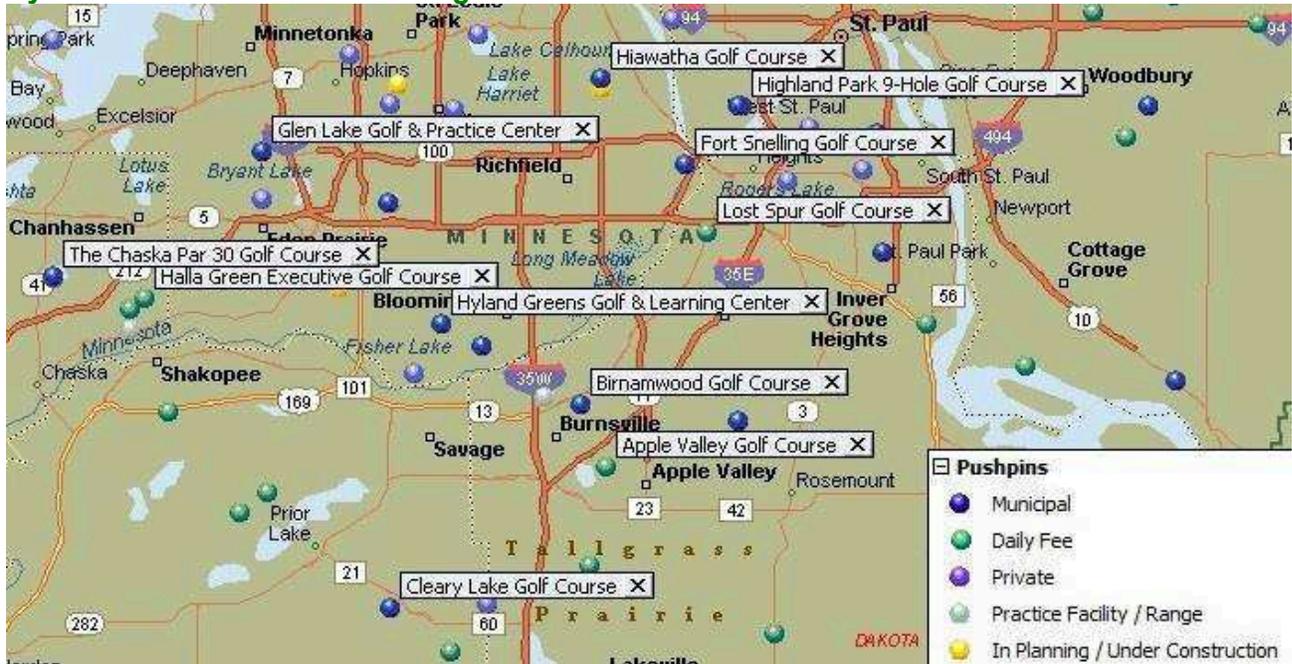
Competitive Public Access Golf Facilities Map

The map below shows the relative locations of the primary and secondary competitors to the DGC and HGGCs. The list of competitors is intended to be representative, but not exhaustive.

Dwan Golf Club



Hyland Greens Golf and Learning Center



Summary Information

The following tables provide summary information for Dwan, Hyland Greens and a selection of other primary and secondary competitive golf facilities.

Dwan and Hyland Greens Competitors – Summary Information

Primary Dwan Competitor Golf Facility List	Location	Type	Year Open	Par / Slope	Front Tee / Back Tee	Range Tees	Miles to Dwan ¹	Notes
Dwan Golf Club	Bloomington	MU 18H	1970	68 / 110	4,518 / 5,485	0	-	
Braemar Golf Course	Edina	MU 36H	1964			65	5.3	9-hole Par-3 closed in 2016
		9		36	2,648 / 3,500			
		9		35	2,395 / 3,102			
		9		36	2,342 / 3,160			
Crystal Lake Golf Course	Lakeville	DF 18H	1995	71 / 128	4,805 / 6,306	20	7.6	
Valleywood Golf Course	Apple Valley	MU 18H	1974	71 / 127	4,960 / 6,407	30	8.3	
Highland National GC	Saint Paul	MU 18H	1928	72 / 118	5,125 / 6,638	55	10.9	
Bluff Creek Golf Club	Chaska	DF 18H	1971	72 / 126	5,366 / 6,611	12	11.0	
Heritage Links Golf Club	Lakeville	DF 18H	1997	71 / 126	5,145 / 6,672	25	11.8	
Theodore Wirth GC	Golden Valley	MU 27H	1916	72 / 132	5,313 / 6,584	0	12.8	
Inver Wood Golf Course	Inver Grove Heights	MU 27H	1992	72 / 142	5,175 / 6,724	36	12.8	
Stonebrooke Golf Club	Shakopee	DF 27H	1989			40	9.9	
		18H		71 / 137	4,830 / 6,475			
		9H		30 / 89	1,319 / 1,725			
Brookview Golf Course	Golden Valley	MU 27H	1937			35	12.5	
		18H		72 / 131	5,328 / 6,392			
		9H P3		27	1,146 / 1,287			

Primary Hyland Greens Competitor Facility List	Location	Type	Year Open	Par / Slope	Front Tee / Back Tee	Range Tees	Miles to HGGC ¹	Notes
Hyland Greens G & LC	Bloomington	MU-9H P3	1963	27	1,025 / 1,438	32	-	Used to be 18h
Birnamwood Golf Course	Burnsville	MU-9H P3	1969	27	- / 1,267	0	5.3	
Apple Valley Golf Course	Apple Valley	DF-9H Exec.	1974	32	- / 1,653	0	7.2	
Glen Lake G & Practice Ctr	Minnetonka	MU-9H Exec.	1997	31	1,746 / 1,995	40	7.3	
Hiawatha GC	Minneapolis	MU-9H Exec.	1934	37	2,960 / 3,379	48	8.6	
Lost Spur Golf Course	Eagan	DF-9H	1968	34	2,240 / 2,401	30	8.8	
Fort Snelling Golf Course	Saint Paul	MU-9H	1935	35	- / 2,685	0	8.9	
Halla Green Exec. GC	Chanhassen	DF-9H Exec.	2006	29	1,297 / 1,694	30	9.1	
Cleary Lake Golf Course	Prior Lake	MU-9H	1987	28/29	- / 1675	18	9.3	
Highland Park 9-H GC	Saint Paul	MU-9H	1971	35	2,577 / 2,791	0	11.4	
The Chaska Par-30 GC	Chaska	MU-9H	1971	30	- / 1,645	0	12.0	
<p>1. Air miles from subject site, rounded to half-mile; actual driving distances will likely be greater. Type: DF – Daily Fee; MU – Municipal</p>								

Summary Operating Data – Dwan Golf Course Primary Competitors

Golf Facility	Peak Rates						Annual Full Membership (Single/Couple/Sr/Jr)	Practice Area Amenities
	18-H Prime Time Green Fee w/cart (WD/WE)	18-H Midday Green Fee w/cart (WD/WE)	18-H Aft./Twi. Green Fee w/cart (WD/WE)	9-H Green Fee w/cart (WD/WE)	18-H Junior Green Fee Only	18-H Senior Green Fee w/cart (WD/WE)		
Dwan Golf Club	\$48 / \$48			\$31 / \$31			Patron Cards holders receive reduced rates	PG/CA
Braemar Golf Course	\$54 / \$57	NA	NA	\$29.50 / \$31.50	\$20.00	\$52 / \$55	Player's Card holder receive reduced rates	68TS/PG/SG/CA/BP/Indoor Golf Dome*
Crystal Lake Golf Course	\$52 / \$62	NA	NA	\$35 / \$38		\$42 / NA	\$1,495 / -	20TS/PG/CA/BP
Valleywood Golf Course	\$50 / \$58	\$42.00	\$32.00	\$32 / \$35	\$27 / NA	\$44 / NA	Patron Cards holders receive reduced rates	30TS/PG
Stonebrooke Golf Club - 18 Hole course	\$66 / \$74	\$57.00	\$53.00	\$34.00	\$29.00	\$43.50	Player's Card holder receive reduced rates	40TS
Highland National Golf Course	\$51 / \$54	\$33.00	\$28.00	\$33.00	\$17 / NA	\$38 / NA	\$1,435 / -	55TS
Bluff Creek Golf Club	\$57.75 / \$63.25	NA	\$41.25 / \$44	\$37 / \$38.50	\$32 / \$36.75	\$39 / \$47	\$2,640 / \$3,065	12TS
Heritage Links Golf Club	\$48 / \$55	\$36 / \$36	NA	\$30 / \$30	\$22 / NA	\$38 / NA	\$1,995 / \$2,490	25TS/PG
Brookview Golf Course	\$52 / \$52	NA	\$36.50 / \$36.50	\$30.25 / \$30.25	\$24.50	\$45.50 / \$45.50	Patron Cards holders receive reduced rates	35TS/CA/BP
Theodore Wirth Golf Course	\$44 / \$49	\$36 / \$36	\$32 / \$32	\$29 / \$29	\$16.00	\$41 / \$49	\$1025 / - / \$920	PG
Inver Wood Golf Course	\$51 / \$59	NA	\$41 / \$41	\$29.50 / \$37	\$21.50 / \$28	\$35 / \$41.50	\$1,200 / - / \$1,000	36TS

Legend: TS-Tee Stations; PG- Putting Greens; SG- Short Game Area; CA - Chipping Area; BP - Bunker Practice Area

Summary Operating Data – Hyland Greens Golf & Learning Center Primary Competitors

Summary Operating Data – Hyland Greens Golf & Learning Center Primary Competitors								
Peak Rates								
Golf Facility	9H Green Fee Walking (WD/WE)	9-H Jr Green Fee (WDWE)	9-H Sr Green Fee (WDWE)	Cart Fee (WD/WE)	Annual Membership Single/Couple/Sr/Jr	Range Fees Sm/Med/Lg	Range Amenities	FootGolf Reg/Sr/Jr
Hyland Greens G & L Center¹	\$15			\$8		\$6/\$8/\$10	R/SG/CA/BP/PG	\$12/\$10/\$10
Birnamwood Golf Course	\$13 / \$13.75	M-TH \$11.75	M-TH \$11.75	\$10.50	\$355 / \$485/\$330/\$330	NA	NA	NA
Apple Valley Golf Course	\$15.00	\$15.00	\$15.00	No Carts	N/A	NA	NA	NA
Glen Lake Golf & Practice Center	\$15.85	\$11.19	\$12.12	\$14.92	NA	\$4.66 / - /\$8.39		NA
Hiawatha Golf Course	\$14.00	\$10.00	\$12.00	\$9.00	NA	\$2.50 / \$5 / \$7.50	R/PG/CA/BP	\$14 / - / \$10
Lost Spur Golf Course	\$18.00	\$10.00	\$15.00	\$10.50	\$744.52 / \$958.77 / \$637.39 / \$267.81	\$5 / Token	R/PG/CA/BP	NA
Fort Snelling Golf Course	\$17.00	\$11.00	\$13.00	\$9.00	\$680	NA	NA	NA
Halla Green Exec. Golf Course	\$18 / \$19	\$15 / \$16	\$15 / \$16	\$8.00	NA	\$6 / - / \$10	R/PG	NA
Cleary Lake Golf Course	\$14.50	\$12.50	\$12.50	\$13.00	\$375 / - / - /\$250	\$3.50 / - / \$6.25	R/PG/CA	\$10.00
Highland Park 9-Hole Golf Course	\$18.00	\$10.00	\$15.00	\$11.00	All courses \$1,435/ - / \$1,225 / \$1,255	NA	PG	\$9.00
The Chaska Par 30 Golf Course	\$14.25	\$12.25	\$12.25	\$12.00	- / - / - / \$185	NA	NA	\$14.25/\$12.25/\$12.25

Legend: TS-Tee Stations; PG- Putting Greens; SG- Short Game Area; CA - Chipping Area; BP - Bunker Practice Area

Key Findings – Competitive Golf Market

NGF Consulting offers the following general findings on the local competitive golf market:

- NGF has identified Edina's Braemar and Golden Valley's Brookview as the most important competition to Dwan GC, while Birnamwood, Apple Valley and the Glen Lake Golf & Practice Center as the most competition for Hyland Greens GC.
- The NGF believes the Bloomington courses do not offer a good value proposition, and some adjustment in fees is recommended for proper positioning of a 5,400-yard par-68 golf course. Also, several key competitors in this market are offering adjusted rates for weekday vs. weekend and time of day (i.e. twilight rates). However, we note that Dwan becomes very affordable when patron card rates are considered.
- Total rounds activity among golf courses in this market is reported to have declined since a recent peak around 2008, and the long term peak around 1999-2000. While play has generally stabilized at Dwan GC since 2010, activity at other area municipal facilities like Braemar, Valleywood and Brookview have also stabilized since 2010 after declines in previous years. Shorter, 9-hole courses like Hyland Greens have seen more significant declines, with Birnamwood, Glen Lake and Hiawatha golf courses all reporting significant declines in the last five years.
- NGF research suggests that, both regionally and nationally, golfers are playing fewer rounds, and shifting their play to less expensive rounds, such as twilight. Additionally, larger outings and tournaments continue to be offered at many golf facilities.
- NGF projects stabilization of the regional market due to the golf course closures (market correction) experienced over the last decade, in conjunction with population growth and no expected new course development. NGF also notes that the most significant competitor to Bloomington golf courses - **Braemar GC in Edina – will close for renovation in the fall of 2016, re-opening in time for the 2018 golf season**. This is expected to provide some enhancement to activity at Dwan and Hyland Greens during the 2017 golf season.
- Green fees among the competitive set we profiled offer a wide range of fees, with the most significant difference being the segmentation of fees for weekday/weekend and time-of-day. Bloomington courses are the only facilities in this competitive set not to offer any discounts for twilight or weekday rounds.
- Along with Bloomington, several other municipal golf operations (Edina, Apple Valley, St. Paul, Minneapolis, Inver Grove) offer a variety of patron and player cards, as well as full pre-paid green fee memberships. There is also a wide variety of prices among these arrangements.
- The competitive nature of the regional golf market places constraints on the ability to raise green fees. This is evident in the fee structures of the primary competitors; despite some high quality and well maintained golf courses, the majority of courses keep their peak weekend riding rates at or below \$75 with most below \$60.
- Dwan is one of only two competitors reviewed by NGF that does not have a driving range (Theo Wirth GC is the other). The mix of amenities at Hyland Greens is also less common in the market, providing competitive advantage in this case. Only Edina's Braemar GC has a comparable driving range + short course program in the immediate local market area.

Regional Municipal Golf Operations

NGF collected basic operating and financial information from several area municipal agencies presently operating municipal golf courses. The data obtained included basic information on operations provided by NGF for comparison and benchmarking to City of Bloomington golf courses. The data collected was derived primarily from publicly available information contained in the Cities' annual financial reports or City budget as posted via the internet. We note a word of caution in that the information provided may not represent a true even comparison, as each City has some uniqueness in how various data points are calculated and presented. A table summarizing the findings is presented below, followed by NGF commentary on the findings:

Summary Comparison – Comparable Regional Municipal Golf Operations

Minneapolis Area Municipal Golf Systems Summary of Comparative Data – 2015					
	City of Bloomington	City of Apple Valley	City of Golden Valley	City of Edina	City of Inver Grove Hts.
Number of Facilities	2 (18H, 9H-Par 3)	1 (18H)	1 (18H, 9H Par 3)	3 (36H)	2 (18H, 9H Exec)
Year of data Presented	2015	2014	2015	2015	2015
Rounds (starts) in 2011	64,552	36,000	40,900	80,578	50,531
Rounds (starts) in 2014-15	56,856	32,564	36,810	66,483	52,997
Revenue					
Direct Golf Revenue	\$1,262,731			\$1,889,944*	\$1,101,057
F&B Concession	\$167,708	\$346,102		\$141,489	\$139,909
Charges for Services	\$55,875	\$1,289,089	\$1,300,933	\$374,529	\$38,539
Commissions and Rentals	\$256,055	\$39,157	\$816,277	\$451,228	\$354,343
Total Revenues	\$1,742,369	\$1,674,348	\$2,117,210	\$2,857,190	\$1,633,848
Average total revenue per Round	\$24.04	\$51.42	\$57.52	\$42.98	\$30.83
Expense					
Labor Expense	\$1,193,500	\$795,783	\$1,736,448	\$1,468,190	\$818,006
Other Direct Operating Costs	\$382,746	\$550,595	(incl.)	\$1,236,233	\$761,499
Total Operating Expense	\$1,576,246	\$1,346,378	\$1,736,448	\$2,704,423	\$1,579,505
Total Operating Expense/Hole	\$58,379	\$74,799	\$64,313	\$75,123	\$58,500
Total Operating Expense/Round	\$27.72	\$41.35	\$47.17	\$40.68	\$29.80
Operating Income Before Debt	\$166,123	\$327,970	\$380,762	\$152,767	\$54,343
Additional Expense					
Internal Overhead	\$268,297	\$175,518	\$103,123	\$123,700	N/A
Debt Service/Capital Depreciation	\$189,716	\$19,115	\$20,279	\$61,000	N/A
Net After Other Items	(\$291,890)	\$133,337	\$257,360	(\$31,933)	\$54,343
Employees					
Total Full-Time Employees	9.0	4.0	7.0	11.0	4.0
Part-Time Employees	40.0	76.0	54.0	100.0	64.0
Total FTE Golf Employees	25.0	34.4	28.6	51.0	29.6
FTE Employees per Hole	0.9	1.3	1.1	1.9	1.1
Average labor exp. per hole	\$44,204	\$44,210	\$64,313	\$54,377	\$30,297

Source: Various sources, primarily Certified Annual Financial Reports (CAFR).

*Edina revenue includes \$301,726 in driving range revenue and another \$228,000 in golf dome revenue.

Summary of Findings on Comparable Regional Municipal Golf Operations

- The Cities that show high average revenue per round (Apple Valley and Golden Valley) each have extensive food and beverage operations with large outside F&B revenue sources. This affects total revenue and makes comparison to Bloomington difficult.
- Bloomington has the highest internal (inter-departmental) expense of any of the Cities that data could be obtained. We note caution in that the exact charges that make up these figures are not certain and comparison may not be direct.
- Total labor and staffing expense per golf hole is lowest for Bloomington. Total operating expenses per hole are lowest in Bloomington.
- The Cities of Inver Grove Heights and Edina are preparing to undergo considerable renovation or upgrade of golf facilities. Edina's Braemar GC will be closed for renovation starting in fall 2016 and Inver Grove Heights is planning a \$2.6 million (financed by revenue bond) renovation for Inver Wood GC sometime next year.
- Four of the Cities show rounds down from 2011 to 2015, with only Inver Grove Heights showing a small increase. The large drop in rounds at Edina courses is a reflection of the closure of Fred Richards golf course.
- The City of Edina has the area's premier on-course driving range facility, earning over \$301,000 in 2015 on a total of 55 range stations (\$5,472 per station). In addition, Edina operates the indoor golf dome for driving range revenue in the winter, earning \$228,000 on 46 tee stations (\$4,956 per station).
- The two largest municipal golf systems in the Twin Cities area, Minneapolis and St. Paul, are not operating golf as a true enterprise fund. Minneapolis does not have a golf enterprise fund and St. Paul records golf as a "Special Enterprise Fund." operations. As a result, CAFR reports do not provide detailed economic picture of the golf system for these two cities.
- The City of St. Paul recently (January 2014) turned over operation of two municipal golf facilities (Como and Phalen) to a private golf management company in exchange for payment to the City of \$65,000 flat fee annually.

EXTERNAL FACTORS SUMMARY

The local demographic and economic factors affecting the demand for public-access golf in this market tend to be mixed. On the positive side, the local market has demographic characteristics that correlate to relatively strong golf demand, and the per capita supply of golf courses is more favorable than the national benchmark and has stabilized somewhat over the last decade. The supply-demand balance should become more positive with population growth and no new golf course development. Additionally, the greater Minneapolis area has a strong economy and robust visitation from tourists and business travelers that should be a target of advertising and promotional dollars.

On the negative side, while there is a favorable demand/supply ratio in the local Bloomington market, there appears to be an oversupply of public golf courses in the greater Minneapolis region that is affecting per-course average rounds played. All area golf courses report declines in rounds activity and increasing pressure to reduce fees to attract market share. The presence of various patron card and membership arrangements tends to skew the realized revenue per round of golf downward, even if activity remains somewhat strong. Many of the area's golf courses are resorting to new ideas and activities to continue to attract customers to the facilities, including new ideas such as FootGolf, Lawn Bowling and Cornhole tournaments.

From a macro level, while overall golf participation in the U.S. appears to be stabilizing, there is little doubt that socioeconomic and demographic trends are creating headwinds for golf operators. For instance, golf is having particular trouble engaging young adults. Also, the effects of the Great Recession appear to be lingering, and discretionary time and money continue to be suppressed. Moreover, despite the fact that spending is at or near its highest point in years, people are still saving more and spending less than they were prior to the recession. One positive aspect is that activity among new beginners in golf is at an all-time high, indicating there is interest to take up the sport. Often, NGF finds that barriers to increased participation from beginning golfers are the physical layout of the golf courses and availability of "beginner-friendly" golf course designs. As both Bloomington courses are so well positioned for this segment, the NGF expects that both Hyland Greens and Dwan will continue to provide strong appeal for beginners and other less-skilled golfers.

Finally, all golf facilities face a couple of other factors beyond their control: First, a high fixed expense structure and operating expenses that tend to rise more rapidly than revenues (e.g., ability to raise fees is constrained); this dynamic appears to be particularly acute in the public sector. Second, golf will always be at the mercy of the weather. In a market such as greater Minneapolis, Minnesota, a shorter golf season and increased precipitation during the summer will work to constrain rounds and revenues at public golf courses that can make the difference between golf course profits and losses.

Overview of Bloomington Golf System

The Bloomington Golf system comprises two golf facilities with a mix of facility type and associated amenities. As a whole, the golf system is operated as a separate Enterprise Fund that was able to generate in excess of \$1.5 million in total on-site operating revenue each year since 2011, with over \$1.66 million recorded in 2012. With total operating expenses around \$1.84 million in 2015, the combined two-facility golf system is operating with revenues that are not sufficient to cover all on-site expenses, let alone any repayment to the General Fund or capital savings for future improvement.

This basic financial condition is generally comparable to most municipal golf operations in the U.S, where the majority of municipal golf course operations are able to cover on-site expenses, but not able to cover all direct on-site expenses AND other items such as debt service and capital (only 33% can cover overhead and debt service). The facilities, golf course type, amenities, and year open are shown below:

Golf Facility	Type	Year Open	Amenities
Dwan Golf Course	18-H Regulation (par 68)	1970	Regulation 18-hole course located in a residential setting with good access. The facility includes an aging clubhouse with small pro shop area and adequate snack bar amenities. There are limited practice amenities at Dwan and no driving range.
Hyland Greens Golf & Learning Center	9-H Par- + Driving Range	1963/1974/2012*	9-hole par-3 golf course with extensive practice amenities, driving range chipping area and a small clubhouse. The facility was reduced from 18-holes par-3 to a 9-hole course in 2012 as the City expanded the driving range.

*Course constructed in 1963, acquired by the City in 1974 and renovated into its current configuration in 2012.

In our review of the Bloomington Golf system, the NGF Consulting team found unique quality public golf courses that appeared to be in good condition, appropriately managed and relatively active given average rounds played figures in this market. As part of this consulting effort, NGF Consulting has observed very dedicated and hard-working staffs at both Bloomington Golf facilities. All of the facilities are presently operating under somewhat reduced staffing due to budgetary limitations, and are trying to get by with reduced resources.

The NGF has observed that each of the golf facilities have capital needs that will require City investment and attention, and also have opportunities for new investment to improve economic potential. These capital needs and investment opportunities are documented by NGF later in this report. As such, the City may find it worthwhile to consider creating a formal master plan to better organize the needed upgrades and create an appropriate priority and/or sequencing plan for capital improvements.

REVIEW OF GOLF OPERATIONS

As noted, the Bloomington municipal golf system comprises the 18-hole Dwan Golf Course and the 9-hole Hyland Greens Golf and Learning Center. Dwan was constructed by the City specifically to be a municipal golf course and is on donated land. Hyland Greens was originally developed as a privately-owned public golf course (daily fee) and was acquired by the City in 1974 and converted to a municipal golf course.

Organizational Structure / City Support

The two City golf courses are operated directly by Bloomington under the direction of the City Manager and Director of Community Services. The City's Golf Manager oversees both golf course operations with assistance from other full-time managers including an Assistant Golf Course Manager, Golf Maintenance Superintendent and Food/Beverage Coordinator. The Golf Manager reports directly to the Director of Community Services, while other on-site golf positions report to the Golf Manager. The Bloomington City Council approves policy changes and annual fee structures.

The City provides direct supervision of the golf courses; other City support provided:

- City provides marketing support with website pages, social media support, articles in the City newsletter and summer recreation brochure, and ads in area golf directories.
- City-wide technical support for items such as information services and systems. The City also provides accounting, mail, phone and insurance services for the golf system.
- City provides building maintenance and arbor care for the golf courses.
- Financial:
 - There is no debt outstanding in the golf enterprise as of 2016.
 - The City currently covers operating losses and capital at the two facilities. Total losses on golf have been as high as \$300,000 in recent years, with most of the operating loss coming from Hyland Greens GC.
 - The City does charge the Golf Fund for direct and indirect overhead (e.g., for allocated portion of City services and other items), with amounts around \$88,000 for Hyland Greens and \$165,000 for Dwan GC.

Enterprise Fund Accounting

The City of Bloomington has classified its golf courses as a single enterprise fund with two facilities as part of Generally Accepted Accounting Principles (GAAP). The 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 that provides enterprise funds “may be used to report any activity for which a fee is charged to external users for goods or services.” 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 are set to recover costs, including capital costs (depreciation or debt service).

As Enterprise Fund facilities, the City of Bloomington’s golf courses have traditionally been expected to cover their own costs with user fees and charges. 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. The aquatics facilities and Bloomington Center for the Arts do not cover all of their costs with user fees and charges, and rely on property taxes to help subsidize their operations and maintenance.

Staffing

All staff at the facilities is employed directly by the City of Bloomington, with key positions including:

- Golf Manager, Dwan/Hyland Greens:** The Golf Manager is responsible for the pro shop operation, driving range, outside services, programming and lessons, and marketing and advertising at both facilities. This individual is a 30+-year Bloomington employee compensated by a salary with benefits and lesson revenues. He possesses the key industry designation of Class A-1 PGA certification. This position is divided with 80% allocated to Dwan and 20% allocated to Hyland Greens.
- Golf Maintenance Superintendent:** Maintenance for both facilities is overseen by the GCSAA Class-A Golf Superintendent, who has been with the City for many years. This position is also full-time with benefits. This position is allocated 100% to Dwan, although there are some responsibilities at Hyland Greens.
- Assistant Golf Course Manager:** Responsible for the pro shop operation, driving range, outside services, programming and lessons, and marketing and advertising at both facilities. This individual is a Class A-1 PGA professional. This position is divided with 60% allocated to Dwan and 40% allocated to Hyland Greens.

The basic staffing for the Bloomington golf system includes the positions shown in the table below. Full-time (FT) positions include salary and benefits. The City has a total of nine (9) full-time employees and about 40+/- part-time employees totaling 40% full-time equivalent (FTE) positions. Many of the staff has over 10+ years’ experience at the golf courses, including both full and part-time employees. The NGF estimates a comparative total of 25.0 full-time equivalent (FTE) positions in golf system staffing:

Golf Maintenance Positions	Pro Shop / Operations Positions
Grounds Superintendent (FT)	Golf Manager (FT)
Asst. Superintendent (2 - FT)	Assistant Golf manager (FT)
Mechanic (FT)	Staff – pro shop, outside serv., etc. (addl. PT)
Maintenance Worker (2 - FT)	
Additional PT/Seas Laborers	
Food & Beverage / Concessions	
Food & Beverage Supervisor (FT); Addl. PT staff	

Staffing Summary

The staffing for the Bloomington golf system appears to have comparable staffing to the “typical” standard for public golf courses in the U.S., with a slightly larger full-time maintenance staff. There are no industry standards that can be referenced to determine the appropriate staffing levels for a golf operation. The number of staff needed for a particular golf operation depends on several factors, not the least of which is budget considerations. Personnel costs typically

represent the largest single expense item in a golf course operation, as is the case for Bloomington. The NGF data on public golf operations in 2014 show averages for full-time staffing at 18-hole public golf courses nationwide (table below). This level of staffing represents a reduction from 2009 figures as a result of declining income and the need to reduce expense.

Bloomington Golf Courses Total Facility Staffing – 2015			
Facility	Operations Staff (FT / PT)*	Maintenance Staff (FT / PT)*	Total Staff (FT / PT)
Dwan	2.4 / 25	3.6 / 8	6.0 / 33
Hyland Greens	0.6 / 5	2.4 / 2	3.0 / 7
City Total	3.0 / 30.0	6.0 / 10	9.0 / 40.0
Avg. per 18-H	2.0 / 20.0	4.0 / 6.67	6.0 / 26.67
Industry “Standards” (per 18 holes)			
Total U.S. Average	3.0 / 24.0	3.5 / 34.0	6.5 / 46.0
U.S. Municipal Golf Average	2.0 / 16.0	3.0 / 31.0	5.0 / 34.0
* Includes F&B. Senior Positions (DOG, Super, Maint. Tech.) shared between two locations.			

Technology and Systems

The golf courses reported to NGF that they do not operate with a linked Point-of-Sale (POS) system for tracking sales and generating reports. Rather, Dwan and Hyland Greens are using a cash register system, with different systems at each portal (golf shop, snack bar, range). There is only a T-1 internet connection at Dwan, making credit card transactions difficult. The staff reports upwards of 25 seconds per transaction, which can cause significant delays on busy days when golfers are lined up to pay green fees.

This review of the POS and other technology systems at Bloomington courses shows the City is way behind in its use of technology, and improvements would be beneficial. More comprehensive use of the efficient systems will help the City understand its business better with improved reporting and sales data, while also providing assistance in marketing and customer tracking (more in recommendations section):

- Loyalty program modules
- Customer database segmentation through enhanced reporting
- Direct email-to-the-consumer marketing and integration with social media
- Web site remodeling to become the central focus of the golf marketing

Marketing

It appears to NGF that there is very little marketing of the Bloomington golf courses. Each facility has \$2,500 in the budget for advertising and it looks like most of this money is spent each year. Traditionally, NGF Consulting recommends marketing budgets for golf courses of at least 1% of total gross facility revenue, or roughly \$17,400 for the golf system in 2015. In review in 2016, the NGF noted that a new marketing plan had been prepared, and this included detailed objectives, messages, strategies and tactics for specific marketing activities. It is expected that the City will move to act on the plan in the coming years, and it is expected to produce improved rounds activity and revenue at both facilities. Below is a summary review of recent and current golf marketing initiatives and materials.

Both Dwan and Hyland Greens offer unique golf facilities with specific appeal to golf customers. Dwan is more of a “neighborhood” golf course that will host a large share from regular repeat players, with some ability to augment this with transient daily fee play from area residents and tourists. Hyland Greens is more of a beginner-oriented facility, and thus can have a broader appeal for a wider audience of players, **if they are aware of the facility**. As such, marketing to grow new customers to Bloomington golf courses may be more focused on Hyland Greens than Dwan. The key areas of focus for increasing activity and revenue at Bloomington golf courses include:

- **Internet** – The Internet is the most cost-effective form of advertising outside of word-of-mouth. The key elements typically associated with successful golf websites include map location/directions to the course, information on rates and availability, membership/loyalty program information, email capture, pictures, scorecard, and a calendar of events. The www.bloomingtonmn.gov website for both Bloomington municipal golf facilities is very well done and includes all of the features typically associated with successful public golf courses. Of course to be successful, potential customers have to be able to find the website. NGF web searches for “Golf Bloomington” showed Dwan and Hyland as the #1 listing. But searches for “Golf Twin Cities,” “Golf Minneapolis” or “Golf Minnesota,” Bloomington courses were not on any of the first several pages. In the recommendations section of this report, NGF provides a more detailed review of how Bloomington can grow golf activity through its electronic platforms.
- **Promotional Materials** – There have been limited printed promotional materials over the years for the Bloomington golf courses. In the golf industry, these are typically bi-fold or tri-fold pieces that can be distributed around the area and in hotel or visitor racks.
- **Email** – Management reported very limited email advertising. The current database contains about 750 names, all of which are Dwan patron card holders. There is little effort to try and capture emails of other daily fee golfers or any new players at Hyland Greens GC.
- **Print** – The City advertises its golf courses in some local newspapers and area directories. These ads tend to be relatively simple informational ads and not specialized or coupon/discount oriented. Local/regional golf magazines have been deemed too expensive to advertise in.
- **Hotels** – There are many hotels in Bloomington, particularly around the airport and Mall of America, including several that are proximate to the golf courses, especially Dwan. Staff reports no formal relationships with hotels, such as room-golf package deals, but the Golf Manager has distributed basic information about Dwan GC to Bloomington hotel operators in the past.

As noted, there is a new formal marketing plan for the Bloomington golf system in 2016. As so much of the successful marketing in 2016 and the near future is about technology, it seems that the golf system need better tools, in addition to sufficient resources and budget, to improve the marketing reach of Dwan and Hyland Greens.

Golf Playing Fees

As the fee chart below illustrates, Bloomington maintains a relatively simplified fee structure for City courses. Both walking and riding rates are available for patron card and non-patron card golfers. Seniors over the age of 62 receive a discount, and there is no discount for juniors other than the \$99 junior pass available at Hyland Greens GC. The fees are outlined in the tables below, followed by NGF commentary on golf playing fees.

Dwan Golf Fees

The playing fees at Dwan peak at \$48 for an 18-hole riding round by non-patron golfers. A summary of key rates at Dwan GC are shown below:

Dwan Golf Course 2016 Rates				
Daily Green Fees	Patron Rate		Non-Patron Rate	
	Walking	Riding	Walking	Riding
9 Holes	\$17	\$27	\$21	\$31
18 Holes	\$25	\$41	\$32	\$48
Senior 18-hole cart (age 62+)	\$25	\$39	\$32	\$46
Dwan Patron Card Fees				
Resident	\$83	Non-resident	\$100	
Senior resident	\$58	Senior non-resident	\$85	
Additional resident	\$55	Additional non-resident	\$60	

Hyland Greens Golf Fees

Playing fees at Hyland Greens GC peak at \$20 for a 9-hole riding round by non-patron golfers playing regulation tees. This means that a golfer wishing to play 18-holes at Hyland Greens (two 9-hole rounds) would be charged as high as \$40 if not a patron member. A summary of key rates at Hyland Greens GC are shown below:

Hyland Greens Golf Course 2016 Rates				
Daily Green Fees	Patron Rate (9 holes)		Frequent Player Card (\$40)	
	Walking	Riding	Walking	Riding
Regulation tees	\$15	\$23	\$12	\$20
Family tees	\$12	\$20	\$9	\$17
Junior Golf Pass	\$99			
FootGolf Fees			Driving Range Rates	
Regular	\$12	Bucket Rates		
Senior (50+)	\$10	Small	\$6	
Junior (12 and under)	\$10	Large	\$8	
Soccer Ball rental	\$3	Super basket	\$10	
Frequent player card receive \$1 discount on each large basket of range balls.				

NGF Commentary on Bloomington Golf Fees

Golf playing fees at the Bloomington golf courses generally appear to be in line with the local public golf market. Dwan GC is near the bottom for “rack” green fees in its competitive set, as is Hyland Greens GC. However, the Bloomington courses have no discount mechanisms that are common and popular in golf and prevalent in this this local market. As a result, **both Hyland GC and Dwan GC can be the most expensive golf course in its competitive set at certain times of the day or day of the week.**

Specific discounting that is prevalent in this market but not available at Bloomington golf courses includes:

- **Twilight Rates** – Golf fees at most of the area’s public golf courses are reduced to levels below Dwan each day at around 1:00 – 2:00. This convention is common in golf and can make Dwan a poor value at these times of day.
- **Weekday/Weekend** – Dwan GC is the lowest priced 18-hole public golf course in its competitive set on weekends, but it is not the lowest on weekdays and can be relatively expensive on weekday afternoons. There are several full-length, championship 18-hole golf courses that are close in price (or cheaper) than Dwan at these times of day or day of the week.
- **Junior Rate** – Bloomington does not offer a junior rate at either golf course. As a result, playing 18-holes with a parent can be as high as \$40 with a cart at Hyland Greens, even for juniors. As Hyland Greens is attempting to attract a beginning and junior clientele, this price range is much higher than the market will accommodate.

Golf Maintenance Equipment

The equipment used to maintain the golf courses is owned by the City, and staff reports advancing age with this equipment. About 80% of all golf maintenance equipment is over 10 years old, compared to an expected useful life of 8 to 10 years. With budget constraints, some maintenance equipment purchases have fallen behind schedule but the City does show \$139,500 in new equipment purchases since 2012. Staff reports that replacement parts on older equipment is getting harder to come by. While the City plans to continue to maintain as much of the aging equipment as possible, the NGF recommends that a structured replacement schedule be continued to protect the integrity of the golf courses.

Golf Carts

Bloomington is leasing a total of 76 carts – 61 at Dwan and 15 at Hyland Greens. The carts are Yamaha gas powered, and require each to be filled with about 3.5 gallons once per week in golf season (est. = \$6,500/yr in fuel). While customers generally prefer electric carts (cleaner, quieter and no exhaust), appropriate storage and re-charging facilities are required and are not present at either location.

The carts are on a single three-year lease that requires 22.5% of cart revenue as payment. This totals to approximately \$45,000 to \$52,000 at Dwan and about \$5,500 at Hyland Greens. This equates to a total annual expense of around \$57,500 in 2015, or about \$757 per cart per year. This compares favorably to the industry “standard” of \$1,000 per cart per year, even when fuel costs are included. All carts are stored outdoors with no covering at each location.

REVIEW OF ANCILARY REVENUE OPERATIONS (FOOD, BEVERAGE, MERCHANDISE AND PRACTICE FACILITIES)

Each of the two Bloomington City golf courses has ancillary revenue earned from the sale of food, beverages and merchandise. This includes a full snack bar and merchandise operation at Dwan and a more limited snack, beverage and merchandise operation at Hyland Greens. Total ancillary revenue from these sources totaled about \$150,000 at Dwan in 2015 and about \$17,500 at Hyland Greens. The NGF review of ancillary revenue at Bloomington golf courses follows below:

Summary of Dwan Concession Performance

The concession operation at Dwan GC consists of the extensive snack bar operation and a small merchandise operation, both housed entirely within the clubhouse. The vast majority of income produced is from the snack bar, as the merchandise operation is virtually non-existent with the small pro shop area. A summary of the Dwan concession operation follows:

Dwan Food and Beverage Operation

The basic food and beverage operation at Dwan consists of a small concession (seating = ~50), serving basic menus at very affordable prices. Dwan’s snack bar area was expanded in previous years to add tables and space for after golf gatherings. The snack bar is open daily at 7:00 AM and serves breakfast and lunch seven days a week; and will remain open into the early evening when golfers are out on the course. The table below provides a summary of food and beverage concessions at City golf courses:

Dwan Golf Course Food and Beverage Concessions (Incl. Alcohol)							
Course	Basic Features	2015 Total Gross Revenue	2015 Revenue/ Round*	U.S. Std. Rev./ Round*	Direct Cost of Sales (COS)	COS % of Revenue	U.S. Std. COS*
Dwan	Snack bar/grill	\$140,900	\$3.52	\$6.10*	\$66,400	47.1%	40%

*U.S. Standard for 18-hole courses.\$/round based on total starts.

The limited menus feature snacks, burgers, sandwiches hotdogs, and wraps priced between \$4.00 and \$6.50, with a hot dog at \$3.00. The Dwan snack bar is well-known locally for its breakfast, with the very popular “breakfast special” at \$7.00. Non-alcoholic drinks include soft drinks (bottles, cans, and fountain), water and coffee between \$1.25 and \$2.00. The City maintains a Minnesota Department of Public Safety 3.2 Beer license and Dwan offers both beer on tap (\$2.50 or \$8.00 for pitcher) and in cans (\$3.00).

Food and beverage operations at golf facilities tend to achieve two goals: (1) provide direct revenue; and (2) help increase the overall volume of rounds and other revenues at the facility. The primary focus of public golf course F & B service is to serve the needs of the golfers, with occasional non-golf customers and luncheon/meeting business a plus. The typical 18-hole public golf course will earn about \$6.10 per round in food and beverage, less direct costs. The industry standard for direct cost of sales at golf course F & B operations is around 40%, so the Dwan operation has been slightly higher than the industry standard over the last five years, averaging around 45%.

As we will discuss in the recommendations section of this report, a renovated clubhouse at Dwan could help enhance the food and beverage operation and thus improve total net income to Dwan. This would result from both increases in direct food and beverage revenue and indirect revenue from increased rounds activity. Improvements to the F&B space could make the Dwan facility more attractive to events, tournaments and outings, which could also help to improve facility revenue.

Dwan Merchandise Operations

Dwan GC has very limited space for merchandise operations, resulting in very little merchandise offered for sale and very low revenue. Overall, merchandising at Dwan GC consists of mostly golf balls and few impulse items such as hats and towels. The total revenue for merchandise at Dwan was only \$9,317 in 2015, which was the highest total in the five years reviewed by NGF. This volume equates to only \$0.23 per round of golf, an amount that is much lower than the national “standard” for pro shop revenue is \$2.32 per round of golf at “mid-fee” public golf courses. The total cost of goods sold was 67% in 2015, very close to the standard of 70%.

The items that tend to sell best at facilities like the Bloomington golf courses are the obvious “impulse” items (balls, gloves, hats, towels, socks, etc.), but also logoed merchandise like shirts and outerwear bearing the “Dwan” name and brand. Staff reports that Dwan does not sell *Titleist* brand golf balls, which is the most popular brand in golf and may have a detrimental effect. It is difficult to see the merchandise operation expanding at Dwan without additional space being allocated for pro shop merchandise. The pro shop size is so small that if merchandise sales were to expand, a portion of the snack bar area would have to be converted to allow for displays of merchandise.

Summary of Hyland Greens Concessions

The concession operation at Hyland Greens GC is very limited, due to both space and demand constraints. The food and beverage operation consists of only light snacks, vending items and beverages. Can beer is sold at Hyland Greens, but soft drinks are the biggest seller at this facility. Merchandise available for sale is very limited, with only a light selection of small impulse items and golf balls.

A summary of Concessions at Hyland Greens in 2015 is shown below:

Hyland Greens Golf Course Pro Shop / Snack Concession Operations							
Course	Basic Features	2015 Total Gross Revenue	2015 Revenue/Round	U.S. Std. Rev./Round*	Direct Cost of Sales (COS)	COS % of Revenue	U.S. Std. COS*
Food & Bev.	Limited to only snacks, beverages and vending items. Includes can beer.	\$14,333	\$0.85	\$6.10*	\$6,500	45.3%	40%
Merchandise	Small retail space with very limited golf merchandise for sale.	\$3,157	\$0.19	\$2.32*	\$777	24.6%	70%
Total System		\$17,490	\$1.66	\$2.32*	\$91,232	83.1%	70%-75%

*U.S. Standard for 18-hole courses.

Practice Facilities

Driving range operations represent a growing part of the Bloomington golf system, with the range at Hyland Greens nearly doubling its range revenue since 2011 and now accounting for about 6.5% of total system revenue. Dwan is without a driving range and has only limited practice amenities of any type. Hyland Greens has a new 36-station grass range and extensive practice area that was added in a renovation in 2012. This driving range produced just over \$113,000 in revenue in 2015, nearly double the \$59,000 produced at the smaller old range before the renovation.

Practice facilities are important amenities to golf courses for two reasons:

- **Direct Revenue** – Driving ranges have a relatively low cost of production and thus a large portion of range revenue goes directly to bottom line profit.
- **Indirect Revenue** – The presence of a good driving range can also improve revenue by attracting more rounds and enhance F&B and merchandise sales. Public golf courses are generally in the business of selling green fees and cart fees, and a driving range can help sell more rounds and attract group events and tournaments.

As the driving range segment at City golf courses is relatively small, the NGF recommendations related to range operations center around ways to add the amenity at Dwan if possible. In the Recommendations section of this report, we will address the possibility (and potential benefits) of making some site adjustments to add expanded practice amenities at DGC.

ORGANIZED GOLF ACTIVITIES

One of the keys to successful public golf operations and generating green fee revenue is the continued promotion and hosting of group activities such as leagues, outings and tournaments. These activities are a key to maximizing rounds activity at public golf courses and NGF has observed that golf courses without an active calendar of events are at a severe disadvantage in achieving strong rounds activity. These events tend to stimulate repeat play, resulting in higher rounds per golfer than would be achieved with simply daily fee play.

Leagues/Outings/Tournaments

Dwan GC is an active and highly programmed golf facility. Staff reports several leagues playing at least six days per week. Some of the larger leagues have as many as 75 players for an individual event. The course hosts at least 4-5 regular large golf tournaments each year with 120+ players and another 6-7 with 40-80 players. There are smaller 20-25 person outings hosted every week in golf season. Hyland Greens is also active in league play with upwards of 14 regular leagues that play the course, with as many as 350+ league players on the roster.

Player Development Programs

Cultivating new golfers is not only key to the future of golf, it has also proven to be an immediate generator of revenues for facilities and it is in the City's interest to continue to be aggressive in its player development program so that it can be active in key "grow-the-game" initiatives. Most of the player development activity at Bloomington golf courses is centered on the Hyland Greens facility, as is appropriate. Hyland Greens hosts numerous golf classes, lessons and clinics. The Bloomington Athletic Association hosts a junior camp for ages 8-18. Staff reports that while all camps, clinics and schools remain popular, they are all smaller in the last two

years than in the previous 5-10 years. Dwan hosts a much lower volume of organized group lesson and golf school activity, but does host numerous private lessons offered through the golf professional staff.

The PGA of America has estimated that actively engaging in new player development programs can develop as many as 200 to 350 new golfers per year for a golf course. The PGA goes on to estimate that if each new golfer produced 10 rounds of golf per year, it could add upwards of 2,000 to 3,500 new rounds of golf per facility, or as much as \$50,000 to \$87,500 in new revenue per year at an average of \$25 per round of golfer spending (More on the PGA and player development later in this report and in the **Appendix D**). Dwan noted to NGF some resistance in adopting too many PGA programs due to the fixed play with a largely senior clientele. Dwan operators are comfortable with most player development activities hosted at Hyland Greens GC.

OTHER OPERATIONAL ISSUES

Other key issues related to the Bloomington golf operations observed by NGF Consulting:

- **Club Rentals** - One key to increasing the volume of daily fee golf rounds is to have a good quantity of high quality rental golf club sets available, and communicating this fact to potential customers. This has not been a big issue at Bloomington courses, as Dwan does not do much visitor golf business and Hyland Greens is popular with beginners so rental sets are made available for \$10. Many public golf courses are showing success by purchasing newer, brand name rental sets and renting them for 1 to 2 years and then selling them in the pro shop. The funds gained upon sale can be used to purchase newer rental sets and keep the cycle going. As noted several times in this report, the key revenue sources for Bloomington golf courses are green and cart fees, and rental sets help the facility to sell more rounds. Thus, the rental sets themselves are not viewed as a strong direct profit center. Dwan has a strong regular play set of customers, so expanding this to new markets may be helped by improving the rental sets.
- **Winter Operations** – Staff reports that Dwan remains open through the winter, hosting golf on a weather available basis with the snack bar open year round. One issue for golf courses in this climate to consider is whether to close entirely through the winter and re-open fresh each spring. As much of the cost that would be required to operate in winter is already fixed (Golf Manager, Asst. Manager, Superintendent, maintenance staff are full-time), so any reduction in expense would have to come from these positions. The NGF review suggests that if the three senior positions were reduced to 9-month full-time positions, the City could save approximately \$100,000 at Dwan GC and close entirely for the winter. The only downside would be the loss of winter activities such as business and maintenance planning, equipment repair and marketing.
- **Green Speeds** - Dwan operators report internal pressure from some golfers to increase the speed of the golf course greens. However, maintenance staff reports that faster green speeds could add stress to the condition of the greens and require increased water, applications and maintenance. Most public golf facilities retain modest green speeds through the golf season, perhaps adjusting slightly to accommodate larger or important golf tournaments or events.
- **Signage** – The signage (directional and informational) to Bloomington golf courses could be improved to help improve activity, on on-course signage (directional and

hole-markers) could also be improved to help pace-of-play. Additional signage can help improve access for golfers from various points within the region and for golfers in carts once at the golf course.

- **Lighting for Night Use:** One option to consider is lighting facilities for use at night. While this is not an issue for Dwan, the driving range at Hyland Greens could see an increase in activity and revenue if it were to be lighted for night use. NGF has observed that lighted driving ranges produce upwards of 40% to 50% more revenue on average than those only open in daylight.
- **Golf Now:** The use of third party tee times has become common in golf in recent years, and the brands “GolfNow” is the most popular agent for the service. However, this service is not without controversy as golf operators find themselves losing control of their inventory by allowing another (third-party) to sell it for them. The City of Bloomington golf courses report that they do not sell rounds to any third-party resellers, thus allowing the City to retain control of its inventory of golf rounds.

SYSTEM-WIDE OPERATIONAL PERFORMANCE

NGF has completed a full review of the performance of the City’s golf courses. This review is summarized in the paragraphs that follow with comparisons to national benchmarks. In summary, it appears that Dwan GC is performing with activity, revenue, and maintenance expenses that are comparable to standards for public golf operations, with a much smaller operation at Hyland Greens. This is significant given that Bloomington golf courses are not able to operate year-round due to the local climate. The review below covers rounds activity, revenues and maintenance expenses over the last few years.

Rounds

The table below shows total rounds by facility since 2011. We note that over this timeframe, City courses have shown variable year-over-year changes, with weather being a key factor in poor rounds total in 2014, and the strong 2012 that was the best year of the subject five-year period. In comparison, the total U.S. golf industry has experienced a 9.7% decline in municipal golf course rounds between 2005 and 2010, with a 3% decline from 2010 to 2015. Total average rounds (“starts”) per 18 holes now stand at 31,527 for public golf courses nationwide, but national benchmarks count total starts (9-hole and 18-hole rounds equally) as compared to the 9-hole round count employed in Bloomington that makes benchmark comparison difficult.

Bloomington Golf Total Rounds Played by Facility (2011 – 2015)								
Year	2011	2012	2013	2014	2015	Total	2011-2015 Avg.	% of Total
<i>Dwan (total 9-hole)</i>	54,179	57,479	51,194	53,198	55,638	271,688	54,338	
Total Starts								
Dwan (total starts)	37,774	40,073	36,390	37,933	40,026	192,194	38,439	66.3%
Hyland Greens	26,778	21,314	17,626	15,009	16,830	97,557	19,511	33.7%
Total (Starts)	64,552	61,387	54,016	52,942	56,856	289,751	57,950	100.0%
% Change		-4.9%	-12.0%	-2.0%	7.4%			

Source: City of Bloomington

Capacity Issues

A golf course's *theoretical capacity* can be determined mathematically by multiplying the number of available tee times (utilizing only the first tee as the starting hole) by the maximum number of players in a group, usually a foursome. This measure, while not realistic for any golf course, results in a total available inventory of golf rounds (starts) of 224 rounds per day and approximately 59,500 rounds (starts) per year in a 38-week golf season. A more realistic measure, a golf course's *actual capacity* takes into account the loss of tee times for weather, unplayable conditions, cancellations, no-shows, groups of less than four players, and other reasons a golf course would never actually play the *theoretical capacity* such as a desire to maintain course conditions and market realities. In estimating capacity, NGF Consulting has defined a "round" as one person teeing off in an authorized start, so 9-hole and 18-hole rounds are counted equally.

Based on Dwan GC's course's type and size, fee structure, market size, weather conditions, and down time for maintenance, NGF Consulting has estimated an *actual capacity* for the 18-hole facility of about 50,000 (great weather year and strong demand) rounds per year. Based on Hyland's 9 holes, we estimate its actual annual capacity to be 30,000 to 35,000 rounds.

Revenue by Facility

The tables below show the total operating revenue from green fees, cart fees, patron cards, concessions and some other on-site sources. We note the annual variance in revenues, with weather a key factor in strong 2012 performance and weak 2014 performance. In comparison, we see that Hyland Greens had shown greater declines in revenue, with recovery in 2015. The average in the U.S. for 'standard' courses (under \$40 green fee) is around \$1.0 million for 18-holes in 2015.

**Bloomington Golf System
Total Revenue by Facility (2011 – 2015)**

Year	2011	2012	2013	2014	2015	Total	2011-2015 Avg.	% of Total
Dwan	\$1,195,646	\$1,270,844	\$1,185,982	\$1,197,016	\$1,301,771	6,151,259	1,230,252	75.5%
Hyland Greens	\$417,405	\$393,149	\$362,325	\$386,863	\$440,598	2,000,340	400,068	24.5%
Total	\$1,613,051	\$1,663,993	\$1,548,307	\$1,583,879	\$1,742,369	8,151,599	1,630,320	100.0%
% Change		3.2%	-7.0%	2.3%	10.0%	8.0%		

Source: City of Bloomington

Revenue by Category

The tables below show the total revenue by category at both Dwan and Hyland Greens facilities:

Dwan Revenue by Category

Dwan Golf Course Total Revenue by Category (2011 – 2015)							
	2011	2012	2013	2014	2015	2011-2015 Avg.	% of Total
Green Fees	\$754,552	\$786,116	\$755,495	\$769,833	\$846,919	\$782,583	63.6%
Patron Cards	74,915	74,810	68,310	64,287	67,266	69,918	5.7%
Cart Rentals	192,059	226,113	201,175	203,060	230,855	210,652	17.1%
Snack Bar	149,452	168,630	147,586	144,516	140,901	150,217	12.2%
Merchandise	8,239	7,247	6,705	5,119	9,317	7,325	0.6%
Interest/Other	16,429	7,928	6,711	10,201	6,513	9,556	0.8%
Total Revenue	\$1,195,646	\$1,270,844	\$1,185,982	\$1,197,016	\$1,301,771	\$1,230,252	100.0%
Annual Change		6.3%	-6.7%	0.9%	8.8%		
Total Rev/Start	\$31.65	\$31.71	\$32.59	\$31.56	\$32.52	\$32.01	

Dwan Average Revenue Analysis

The total average revenue per round (start) at Dwan GC was \$32.52 in 2015, with \$28.61 in golf fees (green fee + patron + carts) and the remaining \$3.91 in ancillary revenue. The average for standard public golf courses in the U.S. was \$23.51 for total golf revenue per round (green, cart, membership), plus an additional \$9.70 in ancillary spending for a total of \$33.21 per round. In general, Dwan GC is generating comparable total facility revenue, but much lower ancillary income. This is due to several factors including very limited merchandising at Dwan GC.

**Dwan Golf Course
Total Average Revenue per Round (2011 – 2015)**

Year	2011	2012	2013	2014	2015	2011-15 Avg.	% of Total
Rounds (Starts)	37,774	40,073	36,390	37,933	40,026	38,439	
Green + Patron	\$21.96	\$21.48	\$22.64	\$21.99	\$22.84	\$22.18	69.3%
Cart Rentals	\$5.08	\$5.64	\$5.53	\$5.35	\$5.77	\$5.48	17.1%
Snack Bar	\$3.96	\$4.21	\$4.06	\$3.81	\$3.52	\$3.91	12.2%
Merchandise	\$0.22	\$0.18	\$0.18	\$0.13	\$0.23	\$0.19	0.6%
Other	\$0.43	\$0.20	\$0.18	\$0.27	\$0.16	\$0.25	0.8%
Total	\$31.65	\$31.71	\$32.59	\$31.56	\$32.52	\$32.01	

Source: City of Bloomington

Hyland Greens GC Revenue by Category

Hyland Greens Golf Course & Learning Center Total Revenue by Category (2011 – 2015)							
	2011	2012	2013	2014	2015	2011-2015 Avg.	% of Total
Green Fees	\$295,200	\$246,433	\$218,272	\$233,768	\$213,598	\$241,454	55.2%
Patron Cards	17,414	15,363	12,889	25,299	21,831	18,559	4.2%
Driving Range	59,638	90,544	97,179	91,701	113,117	90,436	20.7%
Foot Golf					46,713	46,713	10.7%
Cart Rentals	24,652	23,126	18,000	22,850	25,200	22,766	5.2%
(F & B + Merch.)	17,947	18,103	17,649	17,144	17,490	17,667	4.0%
Interest	1,594	(420)	(2,954)	(3,899)	743	(987)	-0.2%
Other	960	0	1,290	0	1,906	831	0.2%
Total Revenue	\$417,405	\$393,149	\$362,325	\$386,863	\$440,598	\$437,438	100.0%
Annual Change		-5.8%	-7.8%	6.8%	13.9%	5.6%	
Total Rev/Rnd	\$15.59	\$18.45	\$20.56	\$25.78	\$26.18	\$22.42	

Total System Expenses

The tables below show the total City on-site operating expenses by facility and type of expense since 2011. The tables show direct cost of goods sold (not an operating expense) as a separate line item. These on-site operating expenses have remained fairly steady, with a slight decrease over the years shown. The one area that has shown the greatest increase has been the internal service charges the fund pays back to the City, which have increased by 36.4% at Dwan and 18.1% at Hyland Greens (more below). The overall expense to operate Dwan Golf Course is generally comparable to the expense averages for standard public golf courses in the nation of approximately \$1.1 million per 18 holes per year.

Expenses by Type

Direct expenses for personnel are the largest for golf facility operations, as is the case with Bloomington. The standard threshold for the ratio of personnel expenses to total expenses is between 50% and 60%, excluding cost of sales. For comparison, Bloomington personnel expenses are around 65% at Dwan and over 70% at Hyland Greens, just above the acceptable range for public golf operations.

Bloomington Golf Courses Total Direct Operating Expense by Facility (2011 – 2015)								
Year	2011	2012	2013	2014	2015	Total	2011-2015 Avg.	% of Total
Dwan GC	\$1,169,872	\$1,203,668	\$1,137,363	\$1,167,385	\$1,202,568	\$5,880,856	\$1,176,171	66.8%
Hyland Greens	\$615,008	\$604,956	\$581,958	\$563,919	\$560,809	\$2,926,650	\$585,330	33.2%
Total	\$1,784,880	\$1,808,624	\$1,719,321	\$1,731,304	\$1,763,377	\$8,807,506	\$1,761,501	100.0%
Cost of Goods Sold								
Dwan	\$79,392	\$77,482	\$65,445	\$71,747	\$72,667	\$366,733	\$73,347	91.7%
Hyland Greens	\$5,141	\$6,524	\$6,176	\$6,729	\$8,500	\$33,070	\$6,614	8.3%
Total COGS	\$84,533	\$84,006	\$71,621	\$78,476	\$81,167	\$399,803	\$79,961	100.0%
Total Expenses	\$1,869,413	\$1,892,630	\$1,790,942	\$1,809,780	\$1,844,544	\$9,207,309	\$1,841,462	100.0%

Source: City of Bloomington

Expenses by Department

A review of expenses by division in the combined two-facility operation:

Bloomington Golf System Total Combined Operating Expense by Line Item (2011 – 2015)

Year	2011	2012	2013	2014	2015	Total	2011-2015 Avg.	% of Total
Wages & Benefits	\$1,214,348	\$1,219,009	\$1,142,621	\$1,141,449	\$1,193,500	\$5,910,927	\$1,182,185	67.1%
Utilities	83,416	78,742	75,908	71,960	67,544	\$377,570	\$75,514	4.3%
Chemicals	34,577	32,477	28,948	25,785	25,272	\$147,059	\$29,412	1.7%
Fuel	26,367	24,859	24,612	27,184	18,514	\$121,536	\$24,307	1.4%
Internal Charges	207,070	218,898	248,091	252,603	268,297	\$1,194,959	\$238,992	13.6%
Supplies	219,102	234,639	199,141	212,323	190,250	\$1,055,455	\$211,091	12.0%
Total	\$1,784,880	\$1,808,624	\$1,719,321	\$1,731,304	\$1,763,377	\$8,807,506	\$1,761,501	100.0%
Plus: Direct COGS	\$84,533	\$84,006	\$71,621	\$78,476	\$81,167	\$399,803	\$79,961	100.0%
Total On-Site Expenses w/COGS	\$1,869,413	\$1,892,630	\$1,790,942	\$1,809,780	\$1,844,544	\$9,207,309	\$1,841,462	100.0%

Source: Bloomington

Inter-Departmental Expense by Facility

In addition to the basic day-to-day operation of each individual Bloomington golf course, there are additional areas of administrative and financial support from the City. This includes an allocated portion for services from City departments such as Finance, Human Resources, Legal, City Manager and City Council. The golf enterprise is also charged directly for services such as motor pool, information services (IT), Web, phone and Insurance. The total expenses to administer the golf courses totaled just under \$254,000 in 2015 (\$88,549 for Hyland and \$165,415 for Dwan), and represent the third highest line-item expense in the golf operation, behind only personnel and supplies. The table below shows the total City inter-departmental charges at each golf course in 2014 and 2015.

City of Bloomington Golf System Total Inter-Departmental Expense by Facility (2014 – 2015)

	Hyland Greens 2014 Actual	Hyland Greens 2015 Actual	Dwan 2014 Actual	Dwan 2015 Actual
Support Services - Interdepartmental*	\$48,384	\$48,604	\$83,340	\$84,339
Copier Replacement	-	-	804	569
Equipment Use - Motor Pool	17,544	18,334	17,160	17,927
Information Services - Systems Maintenance	7,260	7,881	20,472	19,456
Information Systems - Replacement	2,568	2,536	6,720	5,534
Web	228	237	684	711
Mailroom	864	624	1,944	1,871
Phone	2,232	1,972	3,824	3,725
Insurance And Bonds	7,440	7,599	29,676	30,250
Print Shop	1,023	762	435	1,033
TOTAL	\$87,543	\$88,549	\$165,059	\$165,415

* Interdepartmental charges include services provided by the following departments: Finance, Human Resources, Legal, City Manager and City Council.

These expenses include the City’s indirect costing for the items noted, and are largely a fixed expense that can add stress to the system as other expense items must be reduced before these indirect charges. This is of great concern to NGF as the City has sought to reduce the expenses on the golf courses as a method to help bring the Golf Enterprise into balance, but other more critical expenses such as course maintenance or staffing are likely to be reduced **before** these inter-departmental charges. The City’s golf business is dependent on the condition of its golf courses (its product) and efforts to reduce maintenance expenses too far can lead to a deteriorating product that can worsen the problem.

A common contention is that the amount charged for internal services may not fully represent "market rate" for the services rendered. It is difficult for NGF to appropriately estimate the "true value" of these services during our consulting engagements, but we find that the amounts are typically higher than what a privately-owned golf course would pay for comparable services such as financial, accounting, legal, custodial, IT, administration, etc. In general, the NGF recommends that the services be charged at a rate as close to "market" as can be established, as to be comparable to a rate that would be paid for the services if acquired through private sources on the open market.

Comparative Review – Inter-Departmental Charges

In performing strategic reviews for multi-facility municipalities around the United States, NGF has observed inter-departmental (or internal) golf administration expenses ranging from \$-0- to \$900,000, with a high level of variability in what services and items are included. Many public-sector agencies have worked to severely reduce, or even eliminate, internal charges to golf systems in an effort to help support the economics of municipal golf courses.

In the table below, NGF provides some comparative data of our recent review of inter-departmental (internal) charges in comparable municipal golf systems. Such comparisons have to be viewed with caution, as different communities deal with items such as "overhead" differently. Still, the review suggests that administrative expenses in this City are higher as a percentage of total revenue. However, to manage a golf enterprise prudently, one needs to consider the value received from the services provided, especially in areas of management/oversight and aggressive marketing (more below). A comparison of recent NGF engagements to review municipal golf operations shows:

Total Administration/Inter-Departmental Charges Comparable Municipal Golf Systems					
Municipality	No. of Facilities (18H Equiv.)	Self-Operated (Y/N)	Total System Revenue	Total Inter-Departmental Charges	Inter-Departmental Charges as % of Revenue
City of Bloomington, MN	1.5	Yes	\$1.74 MM	\$254,000	14.6%
City of Battle Creek, MI	1.0	Yes	\$1.1 MM	\$35,000	3.2%
City of Helena, MT	1.0	Yes	\$1.38 MM	\$112,000	8.1%
Waukesha County, WI	2.5	Yes	\$2.95 MM	\$855,000	29.0%
Miamisburg, OH	1.5	Mgt. Contract	\$1.69 MM	\$128,700	7.6%
Champaign County FPD	1.0	Yes	\$1.0 MM	\$73,400	7.3%
City of Edina, MN	2.5	Yes	\$3.23 MM	\$123,700	3.8%

System Summary

A summary of performance of City golf courses is presented by facility and in aggregate.

Bloomington Golf Courses Summary of per Facility Performance (2011 – 2015)					
Dwan	2011	2012	2013	2014	2015
Golf (GF, Patron, Carts)	\$1,021,526	\$1,087,039	\$1,024,980	\$1,037,180	\$1,145,040
Concession Revenue	\$157,691	\$175,877	\$154,291	\$149,635	\$150,218
Other Revenue	\$16,429	\$7,928	\$6,711	\$10,201	\$6,513
Dwan Revenue	\$1,195,646	\$1,270,844	\$1,185,982	\$1,197,016	\$1,301,771
Total Dwan Expense	\$1,249,262	\$1,281,153	\$1,202,808	\$1,239,132	\$1,275,234
Dwan Net Income	(\$53,616)	(\$10,309)	(\$16,826)	(\$42,116)	\$26,537
Hyland Greens					
Golf (GF, Patron, Carts)	\$337,266	\$284,922	\$249,161	\$281,917	\$260,629
Driving Range	\$59,638	\$90,544	\$97,179	\$91,701	\$113,117
Concession Revenue	\$17,947	\$18,103	\$17,649	\$17,144	\$17,490
Other Revenue	\$2,554	(\$420)	(\$1,664)	(\$3,899)	\$49,362
Hyland Greens Revenue	\$417,405	\$393,149	\$362,325	\$386,863	\$440,598
Total Hyland Expense	\$620,149	\$611,480	\$588,134	\$570,648	\$569,309
Hyland Greens Net Income	(\$202,744)	(\$218,331)	(\$225,809)	(\$183,785)	(\$128,711)
Admin					
Insurance Proceeds	\$50,000	\$0	\$335,787	\$0	\$0
Transfers In	\$0	\$675,000	\$396,538	\$800,000	\$0
Property Tax	\$0	\$0	\$0	\$0	\$0
Less: Capital	\$162,257	\$122,434	\$690,758	\$793,679	\$189,716
Total Net Admin Revenue	(\$112,257)	\$552,566	\$41,567	\$6,321	(\$189,716)
Bloomington Golf System					
Total Operations Revenue	\$1,613,051	\$1,663,993	\$1,548,307	\$1,583,879	\$1,742,369
Less:					
Cost of Sales	\$84,531	\$84,009	\$71,621	\$78,476	\$81,166
Facility Operating Expense	\$1,784,880	\$1,808,624	\$1,719,321	\$1,731,304	\$1,763,377
Net Income (before Admin)	(\$256,360)	(\$228,640)	(\$242,635)	(\$225,901)	(\$102,174)
Net Admin (exp/gain)	(\$112,257)	\$552,566	\$41,567	\$6,321	(\$189,716)
System Net Income	(\$368,617)	\$323,926	(\$201,068)	(\$219,580)	(\$291,890)

**Bloomington Golf Course System
Summary of Performance (2010 – 2014)**

	2011	2012	2013	2014	2015	Average
Rounds	80,957	78,793	68,820	68,207	72,468	73,849
Revenue						
Green Fees	\$1,049,752	\$1,032,549	\$973,767	\$1,003,601	\$1,060,517	\$1,024,037
Patron Cards	92,329	90,173	81,199	89,586	89,097	88,477
Cart Rentals	216,711	249,239	219,175	225,910	256,055	233,418
Concessions	175,638	193,980	171,940	166,779	167,708	175,209
Interest	7,126	2,360	(497)	1,652	3,714	2,871
Other	11,857	5,148	5,544	4,650	5,448	6,529
Hyland Driving Range	59,638	90,544	97,179	91,701	113,117	90,436
Hyland Foot Golf	0	0	0	0	46,713	46,713
Total Revenue	\$1,613,051	\$1,663,993	\$1,548,307	\$1,583,879	\$1,742,369	\$1,667,690
Total Rev/Rnd	\$19.92	\$21.12	\$22.50	\$23.22	\$24.04	\$22.58
Direct Cost of Sales (COS)	\$84,531	\$84,009	\$71,621	\$78,476	\$81,166	\$79,961
Gross Margin	\$1,528,520	\$1,579,984	\$1,476,686	\$1,505,403	\$1,661,203	\$1,587,730
Operating Expenses						
Wages & Benefits	\$1,214,348	\$1,219,009	\$1,142,621	\$1,141,449	\$1,193,500	\$1,182,185
Utilities	83,416	78,742	75,908	71,960	67,544	75,514
Chemicals	34,577	32,477	28,948	25,785	25,272	29,412
Fuel	26,367	24,859	24,612	27,184	18,514	24,307
Internal Charges	207,070	218,898	248,091	252,603	268,297	238,992
Supplies	219,102	234,639	199,141	212,323	190,250	211,091
Total Operating Expenses	\$1,784,880	\$1,808,624	\$1,719,321	\$1,731,304	\$1,763,377	\$1,761,501
Operating Income (Loss)	(\$256,360)	(\$228,640)	(\$242,635)	(\$225,901)	(\$102,174)	(\$173,772)
Other Items						
Insurance Proceeds	\$50,000	\$0	\$335,787	\$0	\$0	
Transfers In	\$0	\$675,000	\$396,538	\$800,000	\$0	
Property Tax	\$0	\$0	\$0	\$0	\$0	
Less: Capital	\$162,257	\$122,434	\$690,758	\$793,679	\$189,716	
Net After Transfers	(\$368,617)	\$323,926	(\$201,068)	(\$219,580)	(\$291,890)	(\$173,772)

System Summary Performance

The NGF review of Bloomington golf shows a system with over 65% of all revenue generated from Dwan green and patron fees. The driving range at Hyland Greens GC has been the one area of most significant sustained growth, but this is still just 6.5% of total system revenue. Over time, total system revenue is up 8.0% since 2011, with a significant 12.5% increase in 2015 over 2013 revenue. The recent five-year trend is favorable for Dwan revenue, but Hyland Greens GC had lagged behind until strong improvement in 2015. In all, 2015 was one of the better years for the system as a whole, yet the overall net income was still negative.

Total expenses needed to operate the system have been relatively stable over the last five years, with very little change year-over-year. Total personnel costs remain the highest expense within the system, and this is consistent with golf courses of all types, especially in the public sector. The total labor expense has been about 67% of total expenses (excluding COGS) for the five years shown, which is slightly elevated from the industry standard of around 55 - 60%. As NGF documented, the golf facilities are not over-staffed suggesting that the City's benefit of having long-tenured veteran employees is also affecting the labor expense proportion.

In total, the two-facility golf system in Bloomington is operating with a net loss of **(\$291,890)**, with a higher proportion of this loss coming from the Hyland Greens GC operation. Operating losses have become common in municipal golf nationwide, as NGF surveys indicate that only about one-third (33%) of all public agency golf operations are able to earn revenue sufficient to cover basic day-to-day on-site expenses **and** additional items such as internal charges and capital. About two-thirds (67%) are able to cover basic on-site day-to-day expenses excluding overhead and capital.

What does stand out to NGF in reviewing the golf expenses in Bloomington is the large internal "inter-departmental" expense for services provided to the golf enterprise by other City departments. This means that while the City's golf enterprise operated with a **(\$291,890)** loss, more than \$268,300 of that was in the form of payments to other City departments. While NGF respects the need for the City to recoup various allocations, it becomes a concern when these allocations and charges are what place the system in the red in the first place. Going forward, it would be wise for the City to re-think these allocations in an effort to try and preserve the economic sustainability of the City's golf system.

The NGF review of the Bloomington golf system economic performance strongly suggests that the golf courses are not capable of generating enough income to cover both on-site expenses **and** internal overhead and capital projects without continued General Fund (taxpayer) support. This is especially true at Hyland Greens GC, where the "beginner-oriented" operating platform may not be a true enterprise operation capable of sustaining the income needed to cover all operating costs. In the future, the City may find that the Hyland Greens operation would be better served if it were placed outside the golf enterprise fund and back in the general fund where it can be supported by taxpayers for use as a "feeder facility" to help grow and develop new golfers in Bloomington and provide other public recreation.

DWAN GOLFER SURVEY

NGF's Golfer Survey Program was distributed in June-July 2016 seeking opinions on the Dwan Golf Course. Opinions were also solicited for the Hyland Greens GC, but response was too small to provide any real insight (NGF did include some findings from the small sample). The survey was web-based and emailed out to golfers in the Dwan golf email database. A total of **141 surveys** were collected by NGF, an amount that fell short of the 200+/- NGF usually requires for statistical accuracy. Of the total survey group, 98% of respondents described themselves as a patron card holder, and thus the survey does provide a strong representation of the Dwan Patron group and their opinions.

This survey is not intended to be a scientific study of Dwan area golfers. Rather, the NGF is viewing a small sample of patron Card holders at Dwan to get a general opinion on some of the factors in this golf operation. The NGF survey is used by hundreds of courses across the country, allowing us to compare results from City courses with other similarly priced courses nationwide (except for custom questions).

It is also important to remember that the survey is from golfers *that currently play Dwan Golf course*. So these are the golfers who are *happiest* with the courses and their ratings are generally going to be more favorable than golfers who may have played the course in the past but stopped playing.

Overview Summary

In summary, the survey shows a group of golfers that tend to be satisfied with the Dwan golf facility and very much support the staff. The survey group noted that the golf course design and layout is less than ideal, and may be a little over-priced for what it is.

Dwan Golf Course Satisfaction Scores

Dwan Golf Course Satisfaction Measures	
	Dwan GC
No. of Responses	141
Overall Customer Satisfaction	
Score (scale 1-10)	8.3
Price Percentile*	77
Satisfaction Compared to Expectations	
Score (scale 1-10)	7.3
Price Percentile*	25
Satisfaction Compared to Other Courses	
Score (scale 1-10)	7.7
Price Percentile*	58
Likelihood to Recommend	
Score (scale 1-10)	8.0
Price Percentile*	58
* Measured on a scale of 0 to 100, this number represents the percent of golf facilities that received lower customer ratings on this measure than the subject facility compared to other similarly-priced golf courses in U.S.	

Dwan Golf Course Satisfaction Factors	
Dwan GCs	
Overall Value	
Score (scale 1-10)	7.5
Price Percentile*	29
Overall Course Conditions	
Score (scale 1-10)	8.6
Price Percentile*	87
Pace of Play	
Score (scale 1-10)	7.1
Price Percentile*	52
Friendliness/Helpfulness of Staff	
Score (scale 1-10)	8.5
Price Percentile*	76
Golf Course Design/Layout	
Score (scale 1-10)	6.6
Price Percentile*	44
* Measured on a scale of 0 to 100, this number represents the percent of golf facilities that received lower customer ratings on this measure than the subject facility compared to other similarly-priced golf courses in U.S.	

Summary of Findings

- Overall satisfaction with the City golf courses is good, although Dwan is rated lower on the comparative scale on areas related to the golf course layout and overall value, and highest on golf course conditions. In general, satisfaction scores at Dwan GC are higher than “standard” when compared to other similarly-priced golf courses nationwide.
- Dwan GC tends to draw from a relatively local area of golfers, with about 72% of all survey respondents reporting residence in one of four zip codes – 55431, 55438, 55437 and 55420 (Map in **Appendix E**).
- Competition:** The survey indicated that the main competition for Dwan Golf Course was the other area municipal golf courses, including Braemar GC (22% mentioned as “another course they play”), Stonebrooke GC (15%), Bluff Creek GC (14%) and Crystal Lake GC (9%). Other less-noted competitors included Brookview (6%), Boulder Pointe (6%) and Hyland Greens GC (6%).
- The profile of the Dwan Patron Card golfer is predominantly male (82%) and generally older (97% over age 50, 80% over 60 and 45% over 70), compared to a national benchmark of 80% male and only 60% over 50.

General Open-Ended Comments

- In review of the general open-ended comments survey respondents made about **what they like about Dwan Golf Course**, the NGF noted several key themes that were common, including:

- Outstanding golf course conditions
 - Attentive and friendly staff
 - Close to home
 - Landscaping / flowers
 - Not too difficult to play
6. In review of the general open-ended comments survey respondents made about **what needed improvement at Dwan Golf Course**, the NGF noted many more comments with a variety of topics, the most common included:
- Improve the clubhouse
 - Especially restrooms
 - Enhance service in the clubhouse
 - More merchandise for sale
 - Improve/fix sand bunkers
 - Reduce fees – course is priced too high for a par-68
 - More on-course refreshments
 - Improve pace-of-play
 - Increase green speeds

Custom Questions – Dwan

7. When asked if golfers would utilize Dwan GC more often if a new driving range was to be added, 26% of respondents indicated they would use the course more often and 25% said they would not. The largest segment (49%) indicated that they would not play at Dwan more often, but they would use the range if it were provided.
8. When asked if respondents used the internet to reserve tee times, respondents noted:
- Yes (27%)
 - No (73% - mostly noting it is just easier to call)
9. When asked if respondents would host a golf tournament at Dwan GC, respondents noted:
- Yes (49%)
 - No (51% - mostly noting that they are not in a position to host such an event, but some noted the lack of a driving range and inadequate clubhouse)
10. When asked about the satisfaction level with the restaurant offering at Dwan GC, respondents were generally satisfied with only 8% being dissatisfied (rate 1-3), 32% being neutral (rate 3-7) and 60% being satisfied (8-10). Those who ranked the F&B service at Dwan a 3 or lower offered a wide range of reasons, including:
- Improve the selection of menu items (more salads, wraps, healthy choices)
 - Need to take credit cards
 - Not always open when the course is open
 - Speed of service is too slow

Hyland Greens Survey

The NGF did also offer a survey for Hyland Greens, but it received much lower response with fewer than 20 golfers completing the survey. Below, the NGF notes the few bits of information from Dwan Patron Card holders about Hyland Greens GC that was gleaned from the limited response:

Liked Most:

- Great place to bring kids
- Great place to learn golf
- Staff is excellent and give good golf lessons

Needs Improvement:

- More F & B service
- More merchandise for sale
- Lower fees for kids
- More thought in tee-marker / flag locations each day

Individual Facilities

The City is operating two golf facilities in separate locations within Bloomington – the 18-hole Dwan GC and 9-hole Hyland Greens Golf Course and Learning Center. While the City is operating these two golf courses as a single, unified system, each location has unique variables that relate to its success in generating rounds and revenues. In this section, NGF provides the City with a review of the specific operational and physical characteristics of each location.

DWAN OVERVIEW

Dwan is a shorter-length 18-hole golf facility on a relatively small 94-acre property. The facility was designed by David Arthur Gill and opened in 1970, and includes a 5,484-yard golf course with six par-3 holes, 10 par-4 holes and two par-5s for a total par of 68. This configuration is technically a “regulation” golf course but is not viewed as a “championship” golf course for high-level competition. The facility includes the 18-hole golf course, clubhouse and maintenance compound. There is no driving range at Dwan GC.

Location, Access and Surrounding Elements

Dwan is located in the southern part of Bloomington, in a residential section of the City just north of the Minnesota River. Access to the site is via W. 110th Street, which connects to Xerxes Av S., ultimately connecting to W. Old Shakopee Rd - the major east-west roadway in the area. As the entrance to Dwan requires several turns, adequate signage is recommended to make the course easier to find for golfers less familiar with the site. W. Old Shakopee Rd. connects to Interstate I-35W approximately 2.3 miles from Dwan, and to MN Highway 100 approximately 4.4 miles from Dwan. Although the facility is proximate to these roads, the course and entrance are not easily visible and adequate signage is needed to find the course.

Dwan is surrounded primarily by dense single-family residential elements to its west, north and east, with the Minnesota River (and one large home site) to the south. There is open property adjacent to the golf course and home site in the southwest corner of the property, in proximity to the 7th, 12th and 13th holes. This area could be considered for possible enlargement of the Dwan GC, but property acquisition would be required (more later in this report).

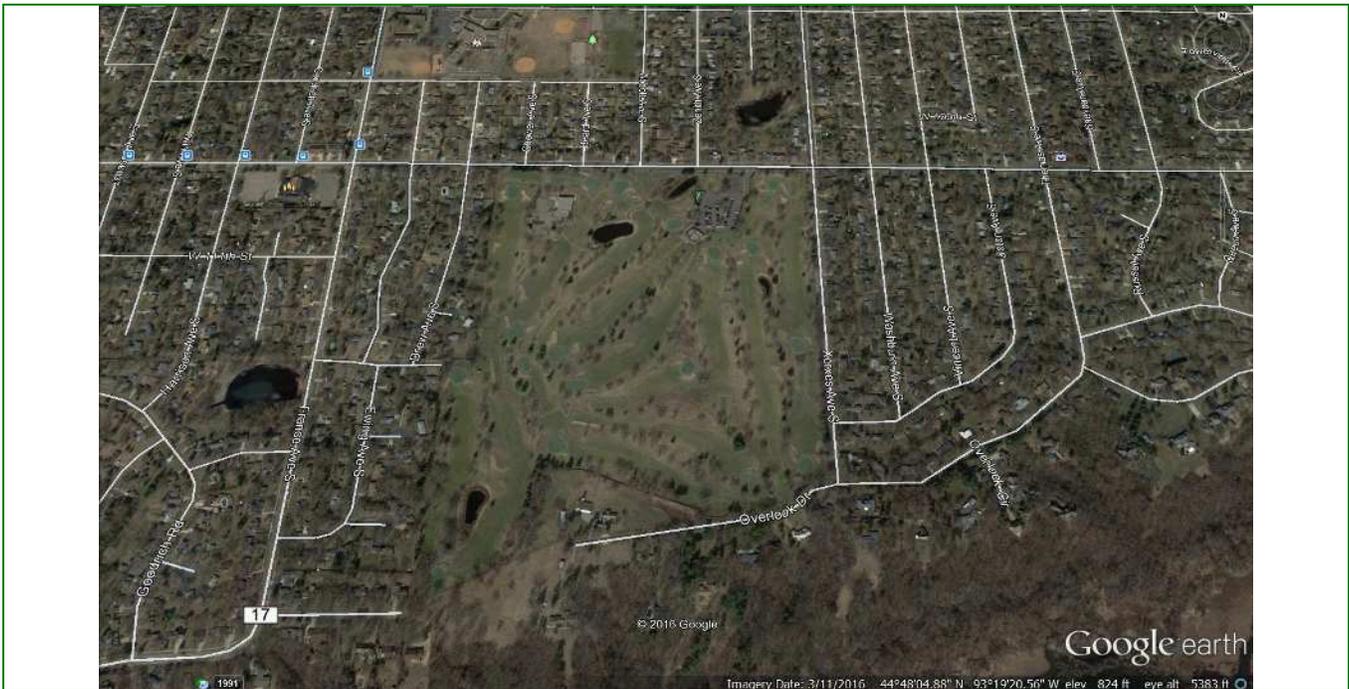
Site Positives

- **Location:** The positive aspect of the Dwan GC location is the proximity to a dense residential community and easy access to major roadways (after several turns).
- **Aesthetics:** The generally suburban and open nature of DGC allows for high quality aesthetics on the golf course with abundant natural foliage, wildlife and pleasant views. The course includes a wide variety of elevation changes, adding to both the aesthetics and the challenge of the golf course.

Site Negatives

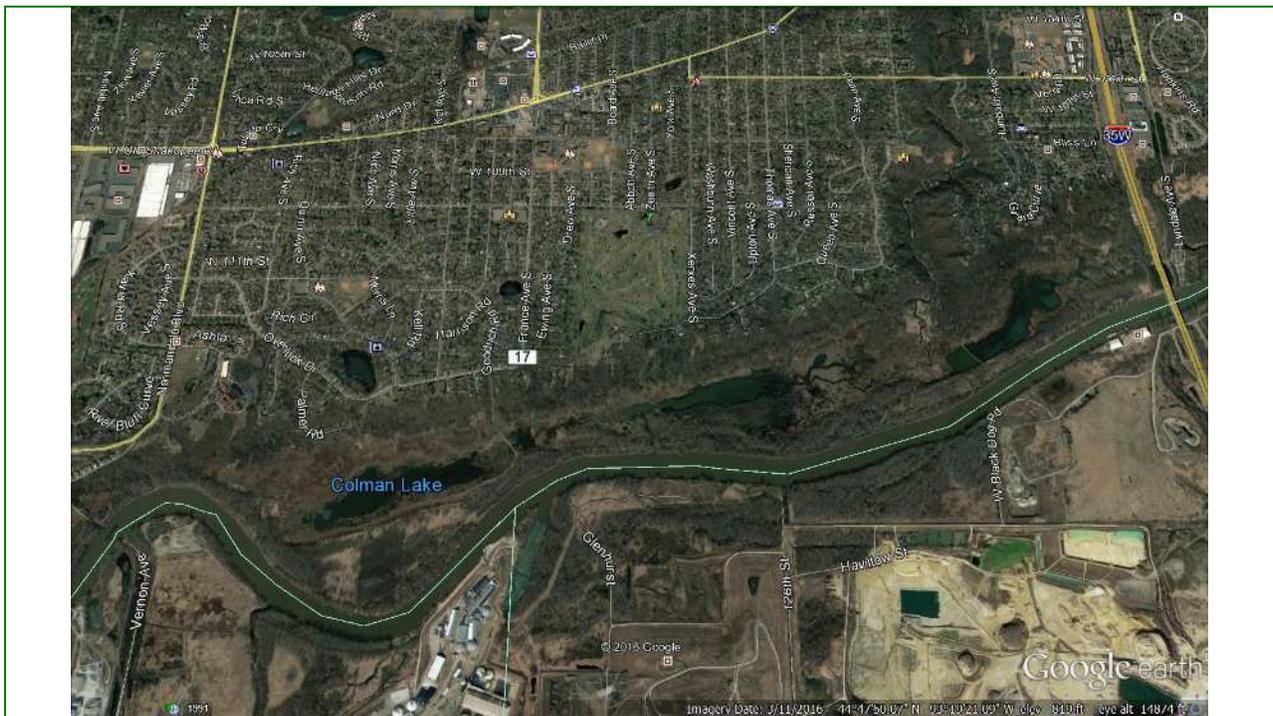
- **Access:** DGC is not immediately visible from any major roadways and access to the property requires several turns on minor roadways. Improved signage will help direct golfers to the course.
- **Site Footprint:** Dwan GC sits on approximately 94+/- acres of property. NGF recommends a **minimum of 135 acres** to fit a championship golf course and driving range, so it is clear that adding a driving range and/or any length to the golf course at Dwan will be difficult given the current site configuration.

Aerial View – Dwan GC



Google Earth image showing Dwan and direct surrounding elements, which includes mostly residential in immediate proximity. The clubhouse, parking and other open spaces in in the north center of the facility, while the southwest corner of the property includes adjacent open space that could be incorporated into the golf facility through acquisition. (more in NGF recommendations).

Regional View – Dwan GC



Google Earth image showing a wider view of Dwan and its proximity to major roadways. Although the course is close to W. Old Shakopee Rd and I-35W, access to the course from these roads is less convenient.

Summary of NGF Findings on Dwan

Dwan GC represents a playable and enjoyable golf facility that is both aesthetically appealing and not too overly difficult for golfers. The golf course appears to be very popular with golfers in this market due to its location, shorter length, reasonable fees and good conditioning. In addition, Dwan is home to a large group of regular play customers, many of which belong to one of several leagues or regular-play groups. Dwan is also popular with local scholastic teams, helping to maximize the “public purpose” use of this City facility. The recommendations we have set forth are in full consideration of the need to enhance the destination appeal of this facility, including amenities and programs, and the reality of an aging clubhouse and lack of good quality practice amenities. A summary of key NGF findings on Dwan includes:

General

- The arrival and entry is easy to find once the customer is on 110th St. W., with some of the golf course visible to this roadway. Away from 110th St. W., the location of the golf course and entrance are less clear and additional signage would be helpful.
- The arrival point for autos is at the back of the clubhouse, with primary entry off to the side. The bag drop area and clubhouse access are efficient and easy to find. Dwan has 166 parking spaces, which is fully adequate for an 18-hole golf course.

Golf Course

Dwan GC includes the original 18-hole, par-68 golf course built new for the City in 1970. This is a parkland-style golf course with tree-lined fairways and a mix of features that are fully appropriate for a middle-priced municipal golf course. Other NGF observations:

- The golf course plays 5,485 yards from its longest tee and to a par of 68. The course has a USGA slope rating of 113 from its Back tee, which represents that the golf course is much easier than the ‘standard’ slope of 120. More forward tees include a 5,275 and 4,518-yard course with slopes at 112 and 106, respectively. In all, this combination provides challenge for golfers and is easier than average from all tee placements.
- The most forward tee on the course (commonly associated with the “ladies” tee) is 4,518, which is comparable to the NGF-recommended distance of under 4,700 total yards in length. This length of golf course is appealing to less skilled golfer segments by potentially helping to ease the length and difficulty for all golfers.
- The course has many design features commonly associated with high quality golf, although it may be too short to attract the best skilled and highly competitive golfers as noted. Water is in play on only four of the holes and there are a total of 54 bunkers on the course, most of which are small and showing their age.
- Dwan operators are keeping the greens to speeds of 7.0 to 8.0 on the “Stimpmeter” (a device used to measure the speed of a putting green by applying a known force to a golf ball and measuring the distance traveled in feet). A segment of customers is pushing for faster green speeds, but doing so regularly could add stress to the condition of the greens and require increased water, applications and maintenance.

Other Observations

- **Greens:** The greens appear to be in good condition and adequate for play. DGC includes three acres of Bluegrass/Bentgrass greens that date to original construction. The greens average about 6,000 to 7,000 square feet (sf), which is very close to the average in size. The NGF consultant did not observe any obvious deficiencies in the greens that would lead to any imminent decline or decrease in rounds activity.

- **Overall Turf:** The overall turf condition is very good at Dwan GC. All elements of the golf course (greens, tees, fairways, roughs) appeared to be well-maintained and adequately irrigated during the NGF visit/inspection. The course shows all the signs of being well cared for and properly maintained.
- **Bunkers:** The course has 54 sand bunkers that require intense maintenance. At some point in the future, improvements to sand content and drainage will have to be made, and the City can consider some reduction in the number of bunkers.
- **Irrigation:** The Dwan irrigation system is a modern, double-row system with good coverage for fairways, greens and tees. The roughs are not irrigated. The system was replaced in 2006 and is now well within its expected 30-year useful life. The water source for irrigation is a well on site, and thus the only cost to the City for irrigation is the power cost to pump water from the wells into the pond on the golf course. Staff reports a needed project is to improve the lining of the storage pond to improve retention.
- **Cart Paths:** Dwan has cart path coverage on only tee and green areas and all around the clubhouse. The paths are in good condition, with only a few spots on the course requiring attention.
- **Drainage:** Drainage on this course does not appear to be an issue due to its basic design and natural sloping terrain. Staff does not report any significant time that the course is closed due to wet conditions, and hence the need to expand the cart path system is also minimized.
- **Trees:** The site is home to a large number of trees of many types. Of particular concern for staff in 2016 is the large number of Ash Trees and the concern for Ash Tree pest problems that require attention. The situation should be monitored closely and may require removal of a large number of Ash Trees.
- **Practice Facilities:** There is no driving range and limited golf practice facilities at Dwan. There is a large practice green just to the east of the clubhouse, and a small practice chipping area near the front entrance behind the 18th hole. If a driving range and/or other practice amenities were to be added at Dwan GC, additional property would have to be acquired as the current site is insufficient with considerable renovation and/or reduction in golf course length.
- **Amenities:** DGC is lacking in many of the basic amenities appropriate for public golf, including ball washers, tee markers, tee signs and trash cans at each hole. There are only port-o-let restrooms on the course in two locations. There are two rain/lightning shelters on the course.
- **Landscaping:** The overall “curb appeal” of the Dwan property is very high quality due in large part to numerous areas of landscaping and flower arrangements, both on the golf course and around the clubhouse. Maintained mostly by volunteers, these sites add much to the aesthetics of the golf course and customer enjoyment.

Clubhouse and Other Amenities

The clubhouse serving the Dwan GC is a smaller building with approximately 5,300 sf of space. The building dates to the 1970s but has been modified to expand the snack bar area. Other NGF observations on the Dwan clubhouse:

- **Features / Amenities:** The golf clubhouse at Dwan is older and showing signs of age, both internally and externally. The space is primarily made up of the snack bar area and kitchen, with some outdoor covered spaces and seating for a total of 75+/- . The clubhouse includes a small pro shop, office and restrooms.

- The pro shop and check in area is very small, with inadequate space to display any merchandise for sale. As such, merchandise sales are very low at Dwan GC. The small space also causes problems on busy days when long lines form for golfers waiting to check in. The small space can become cramped.
- The clubhouse has only two small restrooms (men's and women's) with only two or three stalls and two sinks. The restrooms are located in the pro shop area, immediately proximate to the main counter, further exacerbating the crowding during busy check in. Each restroom does have a shower, and staff reports that neither of which is ever used. This may allow for some space in any plan to modernize or reconfigure the restrooms by potentially maximizing unused space.
- **Technology:** Dwan GC is lacking in the support technology needed to efficiently operate a modern golf facility. The golf course and snack bar operations are run through separate cash registers with no point-of-sale capabilities. The clubhouse is not connected to the internet nor is there any "Wi-Fi" connectivity. As a result, credit card processing is very slow and leads to check-in backups that can cause delays. There is also limited cable service in the clubhouse, thus preventing multiple TVs from showing separate programs (desired by customers).
- **Programming:** Dwan GC is an active and highly programmed golf learning center. Staff reports several leagues playing at least six days per week. Some of the larger leagues have as many as 75 players for an individual event. The course hosts at least 4-5 regular large golf tournaments each year with 120+ players and another 6-7 with 40-80 pleyers. There are smaller 20-25 person outings hosted every week in golf season. Golf lesson activity and clinics are less common at Dwan, with most hosted at Hyland Greens.
- **Carts:** Dwan GC has a total of 61 carts, all of which are stored outdoors in a fenced compound on the west side of the clubhouse. NGF typically recommends at least 72 carts for an 18-hole operation, but the 61 figure at Dwan appears to be working given the high volume of customers who prefer to walk.
- **Functionality:** The facility includes all of the key elements needed for a public golf operation, such as pro shop, snack bar, kitchen, offices, restrooms and a small gathering space. There are also attractive covered outdoor veranda spaces that appear to be popular with golfers. A more modern facility with better presentation and higher capacity could accommodate larger golf group outings, and possibly generate more business. The overall presentation is not ideal, and restrooms are especially problematic as noted. The small clubhouse size has also limited the space available for the kitchen and storage of food/beverage items.

Maintenance Facilities and Equipment

- **Maintenance Facility:** The golf course at Dwan has a very new and modern maintenance facility added in 2014. This facility includes all of the key features typically associated with a successful golf operation, including adequate storage for equipment and employee spaces and conveniences. One item of need observed by NGF is a wash pad for cleaning golf maintenance equipment.
- **Equipment:** This facility appears to have adequate equipment to maintain the golf course properly. The equipment is owned by the City with a regular replacement schedule. Dwan employs a full-time mechanic to help keep equipment in working order. Staff noted to NGF that some smaller "detail" mowers added to the equipment fleet would be worthwhile.

Upgrade Considerations – Dwan

The NGF team has identified the following key areas of recommended physical plant improvement (investment) at Dwan for 2016-2020:

- **Tree care** – Remove Ash trees as needed and prevent spread of arbor diseases and pests. **NGF estimated cost = \$30,000.**
- **Equipment Program** – Continue the program to upgrade golf maintenance equipment according to schedule. Key pieces to be added in next five years include a bunker rake, utility vehicle, tow-behind blower, greens mowers and other rotary mowers. **NGF estimated cost = \$32,500 per year through 2020.**
- **Bunker Program** – Begin a program to upgrade golf sand traps with new sand and improved drainage with a five-year improvement program. **NGF estimated cost = \$6,500 per year through 2020.**
- **Wash Station** – The City will need to correct the issue of not having an equipment wash station with approved drainage. **NGF estimated cost = \$15,000.**
- **Re-Line Ponds** – New lining for the ponds to improve irrigation retention. **NGF estimated cost = \$80,000.**
- **Technology** – The City will need to improve the technology capabilities at HGGC, along with Dwan GC as noted earlier. **NGF estimated cost = \$20,000.**
- **Clubhouse** – Bloomington has two options with needed upgrades to the clubhouse at Dwan GC. These concepts are mutually exclusive and include:
 - **Repair Existing** – Bloomington can complete basic cosmetic upgrades to the clubhouse, improving and modernizing the restrooms, upgrading interior furnishings and fixtures, and completing an exterior improvement and painting. **NGF estimated cost = \$200,000.**

OR

- **New Clubhouse** – The City could consider a major change to DGC, with an entirely new site program that involves a new clubhouse with expanded amenities and modern features. The cost of this is yet-to-be-determined, but would likely be **proximate to \$1.75+ million (\$175/sf for 10,000 sf).**

HYLAND GREENS OVERVIEW

Hyland Greens was originally constructed by a private developer in 1963 and acquired by the City in 1974. The original configuration consisted of two 9-hole par-3 courses plus a 12-station driving range. In 2012, the driving range was moved from the east side of the golf course to an interior location and expanded to 36 stations. As a result, nine holes were removed leaving the present 9-hole configuration. Additional features include a small clubhouse building, maintenance service building and the old range service building that is currently not in use.

Location, Access and Surrounding Elements

Hyland Greens is located in western Bloomington on Normandale Blvd, about $\frac{3}{4}$ of a mile north of the intersection of Normandale Blvd and W. Old Shakopee Rd. Hyland Greens is easy and convenient from major roadways in the area, and is just 3.0 miles from the Normandale Blvd interchange with I-494. Hyland Greens is surrounded primarily by residential neighborhoods, with a few commercial elements and an apartment complex to the east. To the southwest is a growing commercial / light industrial section of the City. To the immediate west is the Hyland Hills Park and Hyland Lake Park Reserve.

The Hyland Greens site has changed considerably since the 2012 renovation and driving range relocation. At present, the 10-acre (+/-) site that used to be the driving range is unused open space that could be considered for an alternate (non-golf) use. There is also a 500+/- sf building that used to house services for the driving range but is currently not used. In October 2015, the City set up a task force to look at future possibilities for Hyland Greens, leading to several options for the property including closure of the golf course and conversion to another park use.

Site Positives

- **Site, Topography and Setting:** The positive aspect of the HGGC location is the outstanding natural environment on the site, with good topography and high points within the City for positive aesthetics.
- **Access:** HGGC is not immediately visible from any major roadway, but access to the site is relatively easy and convenient. The entrance to W. 102nd St. via Normandale Blvd (Highway 34/100), a major north-south roadway in the area, and W. 102nd St is an important east-west surface arterial through Bloomington.
- **Value:** The location along Normandale Blvd with direct frontage to this major roadway gives great importance and value to the site.

Site Negatives

- **Small Site Footprint:** In total, Hyland Greens is only 48 acres thus severely limiting the golf potential of the site to a 9-hole course with driving range. At present, the site is able to accommodate the 9-hole par-3 golf course, 36-station driving range, small clubhouse and 136 parking spaces.

Aerial View – Hyland Greens G&LC



Google Earth image showing Hyland Greens and direct surrounding elements. The approximately 10-acre site of the former driving range is clearly visible with direct frontage to Normandale Blvd. The 9-hole course and driving range appear to fit on the remaining 40 acres with few space issues.

Summary of NGF Findings on Hyland Greens

Hyland Greens G&LC represents a great example of a good quality beginner golf course with an ideal set up to train and develop new golfers. The mix of components including a driving range, practice chipping area and 9-hole “short” course is ideal for this new player development purpose. The facility appears to be popular with golfers in this market, although activity has been declining over the last five years. The recommendations we have set forth are in full consideration of the need to maximize the value of this facility to the golf enterprise and the City of Bloomington overall, and make HGGC a place to train new golfers so as to become Dwan (and other golf course) customers later on. A summary of key NGF findings on Hyland Greens include:

General Findings and Observations

- **Golf Course:** The golf course has basic features that can be appealing to beginners or other less-skilled players. The course is only 1,438 yards long from its forward tee and 1,025 yards from the back tee. All holes are par-3's ranging from 100 to 190 yards, and there are very few hazards such as water and/or sand bunkers.
- **Practice Amenities:** The practice amenities at Hyland Greens have appeal for both beginners and seasoned players:
 - The driving range includes space to host 36 tee stations on grass, with artificial turf mats only available for 18 stations. Having a full grass range is somewhat rare in this area and better skilled golfers appreciate being able to

hit balls on a grass range. Staff reports customers do not like the artificial turf mats, but they are present and can be used as needed. A small kiosk building houses staff to provide range balls.

- The grass range hitting area is only 30+/- yards in depth, which is not deep enough to support 30 separate hitting lines each month (move the line every day). The ideal is to be able to move the line each day so as to allow the previous day's hitting area a full 30 days to recover and be used again. This tee-movement cycle is the ideal and there is not enough space at Hyland Greens to accommodate this.
- There is a small 60+/- yard practice chipping area adjacent to the driving range. Golfers are allowed to use this area only with Hyland Greens range balls, thus allowing the City to monetize the space.
- **Clubhouse:** The clubhouse at Hyland Greens is a small building of about 1,800+/- sf. The space is older and outdated in many ways, and not efficiently utilized. The restrooms are sub-standard and the entire lower (basement) level is in poor condition and thus not used. The building includes a small check-in counter and lightly-stocked vending area. The facility sells only snacks and vending items, soft drinks and canned beer. There is space for several tables and this space could be converted to classroom use for golf schools and camps.
- **Former Range Site:** The site of the driving range prior to the relocation in 2012 now sits totally unused with a low level of maintenance. There is an older kiosk/service building that used to support the range that is not in use. This area of the property does not interfere with the current configuration at all, and it is expected that if it were to be converted into another (non-golf) use, it would not negatively impact the golf at Hyland Greens in any way.
- **Maintenance Support:** Hyland Greens has a newer maintenance facility of about 4,500 sf that contains all of the key features typically associated with a successful golf operation, including suitable storage for equipment and employee spaces. This facility appears to have adequate equipment to maintain the golf course properly. The equipment is owned by the City with a regular replacement schedule. The City employs a full-time mechanic to help keep equipment in working order.
- **FootGolf:** Hyland Greens is one of the few area courses to support the growing sport of "FootGolf." FootGolf is played as a hybrid between soccer and golf, and is growing in popularity with young people. The sport is played at golf courses and has become a great way to generate revenue and provide exposure to traditional golf.
- **Technology:** Hyland Greens is lacking in the support technology needed to efficiently operate a modern golf facility. The clubhouse is not connected to the internet nor is there any "Wi-Fi" connectivity. The golf course and driving range operations are run through separate cash registers with no point-of-sale capabilities.
- **Programming:** Hyland Greens is an active and highly programmed golf learning center. Staff reports upwards of 14 regular leagues that play the course, plus numerous other classes, lessons and clinics. The Bloomington Athletic Association hosts a junior camp for ages 8-18. Staff reports that while all camps, clinics and schools remain popular, they are all smaller in the last two years than in the previous 5-10 years.
- **Carts:** Hyland Greens has only 15 carts to support the operation, all stored outdoors. The number seems to be sufficient to support a small 9-hole par-3 operation, where the vast majority of patrons choose to walk.

- **Irrigation and Drainage:** The Hyland Greens irrigation system is reportedly functioning properly, with no major issues reported by staff. It is not expected that any large-scale upgrade or replacement will be required in the next 5-10 years. The site tends to drain relatively well with only a few spots holding water after heavy rain. The excess water is rarely (if ever) enough to force shutdown of the golf course.

Upgrade Considerations – Hyland Greens

The NGF team has identified the following key areas of recommended physical plant improvement (investment) at Hyland Greens for 2017-2020:

- **Clubhouse** – The Hyland Greens clubhouse is substandard in many ways and will need to be improved (or replaced) at some point in the future. While the City always has the option of repairing/renovating the existing facility, the NGF is of the opinion that given the age, condition and layout of the existing facility, the City would be better off with a new facility. At an estimated \$150 to \$175 per sf for a new clubhouse, the **NGF estimated cost = \$600,000 to \$700,000 for a new 4,000sf clubhouse at Hyland Greens.**
- **Technology** – The City will need to improve the technology capabilities at HGGC, along with Dwan GC as noted earlier. **NGF estimated cost = \$20,000.**
- **Range Expansion** – There are two areas for the City to consider in improving and/or expanding the driving range at Hyland Greens GC. This includes both enhancing the grass teeing area to gain more space (depth) and/or adding additional tee stations to the range (length). These concepts are addressed below:
 - **Improve Tee Depth** – The 30-yards of range depth is not sufficient to support a full 30-day rotation of tee space. The City can seek to add depth to the range by adding fill and then re-surfacing the expanded tee area with suitable turf. NGF estimates approximately \$5 per sf to add the space or **estimated cost = \$86,400 to add 20 yards of depth to the range tee area.**

AND/OR

- **Increase Tee Stations** – The range could be expanded lengthwise (to the north) to incorporate a presently unused gap at the north end of the range between the practice area and the 4th hole. This could be done at minimal cost just to create the new tee area. NGF estimates approximately \$5 per sf to add the space or **estimated cost = \$67,500 to add a 25x60 yard tee to this area.**
- **Range Lighting** – Adding new lighting for the range to be open at night. Includes some poles and higher lighting, but mostly a more modern, muted ground lighting system so as not to interfere with neighbors. **NGF estimated cost = \$36,000 (plus additional \$6,500 per year for power).**

SUMMARY – BLOOMINGTON GOLF COURSES

Bloomington is operating two public golf facilities with different amenities, customers and challenges. Dwan is a regulation golf facility, but is not full-length “championship” and does not have a driving range. Dwan is a modest quality golf course that has an active, regular-play clientele and limited activity from those outside the regular-play audience.

Hyland Greens is a good quality golf learning center facility with amenities and features appropriately suited for newer, less-skilled golfers or better players only seeking practice. The package of amenities at Hyland Greens is not consistent with strong revenue performance and it is likely that the City will find that Hyland Greens will always struggle to cover its cost of operation. Other findings from NGF Consulting’s review:

- Both of the City golf courses have either deteriorating and/or inefficient clubhouses, and both have inadequate technology to manage operations. Specific issues include:
 - **Dwan** has an aging clubhouse that has adequate size but needs both interior and exterior upgrades. Further, the overall “footprint” is not ideal and could be redesigned to allow for improved use of space and expanded merchandise / pro shop operations. However, these changes may require significant upgrade and possibly even an entirely new building, which is not likely to provide adequate return on investment, at least during the time that the cost of investment must be paid off (more later in this report).
 - **Hyland Greens** has a clubhouse that is in serious need of repair and is probably too small to support the kind of golf education program being run through the facility. The City may find itself forced into large-scale repairs of this facility, and thus replacing the facility should be in the long-term plan for Hyland Greens GC.
- Overall, both courses are in excellent maintenance condition and it is clear that the courses are not being mismanaged in any way. Staff is doing the best they can with what they have, but some deficiencies are contributing to lower activity and revenue. Both courses are a good fit for their respective customer bases and both provide good quality, appealing conditions and good service for the green fees charged.
- Other upgrades that the City will have to plan for are upgrades to aging equipment, arbor care, cart paths, irrigation support and improved maintenance facilities (wash pad at Dwan).
- In addition to the needed clubhouse upgrades and basic improvements noted above, the City also has options in altering the golf course sites to help enhance revenue. These options include:
 - **Expanding the size of the Dwan GC** property so as to allow the addition of a revenue-producing driving range. This option would involve adding new property at the south end of the facility, likely at great acquisition cost. If the land was acquired, it is believed a new range would add revenue to the Dwan GC operation, but likely not enough new revenue to justify the expense of land acquisition and the development of the range and a few new golf holes.
 - **Converting the former range site at Hyland Greens GC** into some form of non-golf use, possibly providing additional capital and/or income to the golf enterprise. Such use/development would not interfere with the golf at Hyland Greens GC as presently (2016) configured.

NGF Recommendations for City of Bloomington

Based on our evaluation of the Dwan and Hyland Greens golf courses, as well as our operations review and market analysis, NGF has formulated recommendations that the City can implement to enhance or supplement its existing business and marketing plan for its golf courses. The goal of this phase of the study was to help the City identify the physical plant and business plan that will maximize rounds and net revenues for the City, while maintaining or enhancing the golfer experience at Bloomington golf courses. The objective of our recommendations is to provide the City with a strategic vision for the future operation of its golf facilities, inclusive of operating program and the defined mix and quality of amenities and facilities to be offered.

NGF Consulting has prepared a schedule of specific recommendations to be considered by the City. These recommendations have been organized into: (1) basic oversight and structure; (2) physical enhancements; and (3) operations and pricing.

BASIC OVERSIGHT AND STRUCTURE

Bloomington has chosen to operate its golf courses in-house, with all City employees and direct oversight by the City Manager and Director of Community Services. This form of “self-operation” is still the most common form of structure in public sector (municipal) golf operations nationwide, although there is a growing trend towards privatization. As another form of operation could be considered by the City, NGF has prepared a review of options that are available to Bloomington should it decide to alter the operation of its golf courses.

The City must clearly establish the primary purpose and most important goals of including golf as a City offering. If the primary function of the golf courses is to be an added amenity to the Bloomington community, then direct City operation in the property appears most appropriate. However, if the fiscal situation is such that sustaining an economic gain (or at least break-even) on the facilities is the higher priority, then some form of private funding source will be required for the needed improvements, and thus a longer-term lease arrangement that includes capital investment could be considered.

Management contracts, operating leases, and concession agreements are the most commonly used terms to describe a contract between a golf course owner and a private operator. A general discussion of the common operating structures, along with key advantages and disadvantages of each, is presented below.

Structure Options

Below are descriptions of the most typical management/operational options for public agency golf courses. In our experience, there is no ideal operating scenario that fits all situations, and each public entity must arrive at its own unique approach to operation and maintenance. The most common management options are shown below (these are not intended to be exhaustive, as there are hybrids and variations thereof), presented in order from most direct City involvement to the least direct City involvement:

1. **Self-Operation.** This is the “status-quo” option. A key challenge in this option is finding and retaining qualified personnel, especially in key management positions such as Manager, Assistant Manager and Superintendent. The NGF review suggested the City is already strong in this area with long-tenured veterans in all three positions. The key advantage to this structure is direct City control of the operation for maximum benefit to the Community, while the disadvantage is mostly economic, as the City must absorb the risks associated with low revenue and rising expenses.
2. **Concession Agreements:** These are similar to lease agreements and can come in several types or combinations. The advantage is shifting some risk and most payrolls to a private entity. The key areas of operation include Pro Shop, Food and Beverage, and/or Maintenance and involve the City contracting for one, some, or all of these services. One subset of this concept includes multiple concessions, a system in which the City creates multiple contract agreements for separate entities for each facet of the golf operation. The most common concession agreements for municipal golf courses include:
 - a) **Contract for Food / Beverage Services** involves direct City control of maintenance and pro shop management while contracting F & B operations.
 - b) **Contract for Maintenance and Food / Beverage Services** involves direct City control of the pro shop function, while contracting with a private entity to provide golf course maintenance and food / beverage services.
 - c) **Multiple Concessions** involves creating multiple agreements for separate entities for each facet of the golf operation (pro shop, F&B, and maintenance).
3. **Full-Service Management Contract.** Hire a management company to operate all aspects of Bloomington golf courses. The City would continue to earn all revenues, be responsible for all expenses (salaries, maintenance, liabilities, capital) and pay a management fee to an operator. Some advantages to this strategy are a shifting of labor expense from a public to a private structure, and the expected benefit of professional management, including access to national purchasing and marketing programs. The main potential disadvantages are some loss of City control and the fixed fee for service, regardless of yearly variations in performance.
4. **Hybrid Contract.** A hybrid contract combines some of the advantages of a lease with those of a management contract. The most common difference from the management contract is that a variable management fee is included, allowing the operator and City to share in the risk of the operation. Advantages are similar to the management contract with a shifting of payroll, adding expertise, but reducing some City control of the operation.
5. **Operating Lease(s).** The City could lease one or both of the golf courses to a private operator in exchange for an annual (or monthly / quarterly) lease payment. The lease could be established to include certain requirements, including capital investment in facility improvements, maintenance standards and/or restrictions on green fees. The advantage of this option is a total privatization of the golf operation, assuming a lease partner can be found, and the theoretical shifting of economic risk away from the City and onto the private operator. The key disadvantage is the nearly complete loss of City control on not just the operation, but likely policies, procedures and fees as well.

Structure Considerations

The NGF review of the various operational considerations for Bloomington golf shows that several of these options will not fit here, or will so drastically change the operation so as not to be workable for Bloomington. In addition, the two golf operations in Bloomington are not the same, as Dwan and Hyland Greens each have different operational programs and require a different operating structure. In consideration of the options presented, we note:

- **Full-Service Management Contract or Hybrid.** The NGF review of City golf courses shows this option to be a poor fit for the City because these structures primarily focus on reducing cost, which NGF has already established as being in line with standards and can only come from reductions in senior staff compensation. In addition, these options typically include a management fee paid by the City to the operator, so the golf courses would have to improve operations by \$80,000 to \$100,000 just to stay even with current performance. Also, management contracts are not fully in line with the program at Hyland Greens GC, as that operation is more focused on community service, developing new players and providing recreation, and is not a true enterprise as noted by NGF.
- **Traditional Concession.** This option will likely produce too many “working parts” that require attention and shift the City from managing golf courses to managing multiple contracts. In addition, the nature of the Hyland Greens operation is also not a strong fit for a concession. The City will still be responsible for capital expenditures and thus the Self-Operation alternative would be more appropriate. Any form of concession is not likely to bring the City’s golf courses into a more favorable economic position than it is at present.

In light of operational and physical recommendations that NGF believes will improve the economic performance of the golf system, as well as the additional cost of management or concession fees, we conclude that continued self-operation (as-is) is the most viable operating structure, at least for the short term. Bloomington golf has a chance to generate additional revenue under its current structure - potentially enough to cover the basic day-to-day cost of operations, though likely not enough to cover large-scale capital upgrades (i.e. clubhouse improvements) or the large internal, inter-departmental charges.

An outright lease of the two facilities would be an attractive option if the City’s objectives in municipal golf were purely financial, and *if* a suitable partner could be found that would be willing to take on all operational risk. However, NGF notes that if the City opts to pursue a lease agreement for the golf courses, it should be **pursued only if the new lease partner will bring capital to the agreement and complete some (or all) of the upgrades identified by NGF.**

NGF Recommendation

The NGF team recommends that Bloomington continue to operate Dwan and Hyland Greens directly under its present form of self-operation, but with some modifications.

This structure will offer the City the greatest chance for success in the operation and provide a level of hands-on control so as to maximize the implementation of the program elements that will be required for the City to succeed in golf. The key modifications to the City golf operation oversight include:

- Improve marketing, focusing on both golf and non-golf services (food & beverage at Dwan), and new player development at Hyland Greens (more detail on marketing in operational recommendations below).

- Adjust pricing to broaden the fee structure and include new rates for juniors, weekday/weekend, twilight and other discounts (more detail below).
- Invest in facility improvements and begin planning for the funding of needed capital improvements. This plan should be funded outside of net golf income, as this revenue will likely never be sufficient to provide the updated facilities that are needed to compete effectively for expanded markets (more below).
- Consider modifying the inter-departmental charges as these costs are fixed to the City, and would remain even if the golf course(s) were removed. The City may find it possible to either reduce or eliminate some of these charges to the golf enterprise.
- **Move Hyland Greens GC out of the Golf Enterprise Fund and place it in the General Fund.** Hyland Greens is not a true enterprise and should be considered as a recreational amenity for the community to develop new golfers and provide active recreation for Bloomington residents, especially juniors. If under the General Fund, Hyland Greens can become like other parks with lower cost recovery, and no profit or 'break-even' requirement. If it remains as an enterprise operation, it is likely that Hyland Greens GC will always require taxpayer subsidy to support operations.

SPECIFIC PHYSICAL RECOMMENDATIONS

The NGF review of Dwan and Hyland Greens showed the need for approximately \$554,000 in needed facility upgrades, plus an additional \$45,000 per year over the next five years to address equipment and bunkers at Dwan GC. This estimate is detailed in the table below, and assumes only basic cosmetic fixes to the clubhouses, which is clearly a key piece in the proposed upgrade program for these golf courses.

Estimated Cost and Priority of Physical Improvements

The estimated cost to complete the NGF-recommended facility improvements are detailed in the table below. The figures do not include any lost revenue that may occur due to business disruption during the period these projects are ongoing.

Bloomington Golf Courses Needed Physical Improvements	
Dwan	NGF Estimated Cost
Clubhouse Repair/Upgrade	\$200,000
Pond Re-Lining	80,000
Tree Improvements	30,000
Technology Enhancement	20,000
Wash Station / Pad	15,000
Hyland Greens	
Driving Range Enhancement/Lighting	189,000
Technology Enhancement	20,000
Sub-Total – Most Immediate	\$554,000
Recurring Annual Items (both courses combined):	
Equipment	\$32,500/yr.
Bunkers	6,500/yr.
Range Lighting	6,000/yr.
Total Recurring Annual Items	\$45,000/yr.

Clubhouse Upgrade/Expansion Options

The NGF has offered Bloomington two distinct options for addressing the clubhouse enhancement/improvement issues identified at DGC and HGGC. The options include: (1) completing basic repairs and cosmetic upgrades to the existing facilities, although this is more problematic at Hyland Greens; or (2) undertaking a complete replacement of one, or both, golf clubhouses to expand the size or rearrange the site functionality at each location. A summary of each option is displayed below. The projected financial impact of the first option – improving existing facilities – is presented in the analysis in the next section of this report.

Existing Clubhouses – Basic Repair and Cosmetic Upgrades

The first option for Bloomington golf courses is to complete the basic repairs and cosmetic upgrades identified by Staff and supported by NGF. This includes a total of \$200,000 of the \$554,000 total upgrade expense for clubhouse upgrade at Dwan GC. The improvements include:

- **Dwan** – The City can complete basic cosmetic upgrades to the DGC clubhouse, improving and modernizing the restrooms, upgrading interior furnishings and fixtures, and completing an exterior improvement and painting. The estimated total cost is around \$200,000.
- **Hyland Greens** – This clubhouse has both condition and functional issues. As such, renovation is probably not a viable option and complete replacement should be considered. NGF has estimated a total cost of between \$600,000 to \$700,000 for a \$4,000sf clubhouse at an estimated \$150 to \$175 per sf.

Full Clubhouse Replacement – Basic Implications

In consideration of possible large-scale capital upgrades that the City could undertake to improve and expand the clubhouse facilities at either (or both) of Dwan and Hyland Greens, NGF offers a summary of likely implications of a replacement program. This assumes a full clubhouse replacement at Hyland Greens to provide modern facilities, adequate space for a pro shop and F&B operation, space for classrooms and expanded indoor seating.

At Dwan, the clubhouse replacement program is less urgent as many of the problems identified by NGF could be addressed with the proposed \$200,000 renovation. The NGF has not completed a full due-diligence review of these options, and **recommends the City undertake a more comprehensive Clubhouse Feasibility Study** (~ cost \$15K to \$20K) for the proposed new clubhouse (and/or other upgrades) at Hyland Greens GC.

Site Alteration / Expansion Options

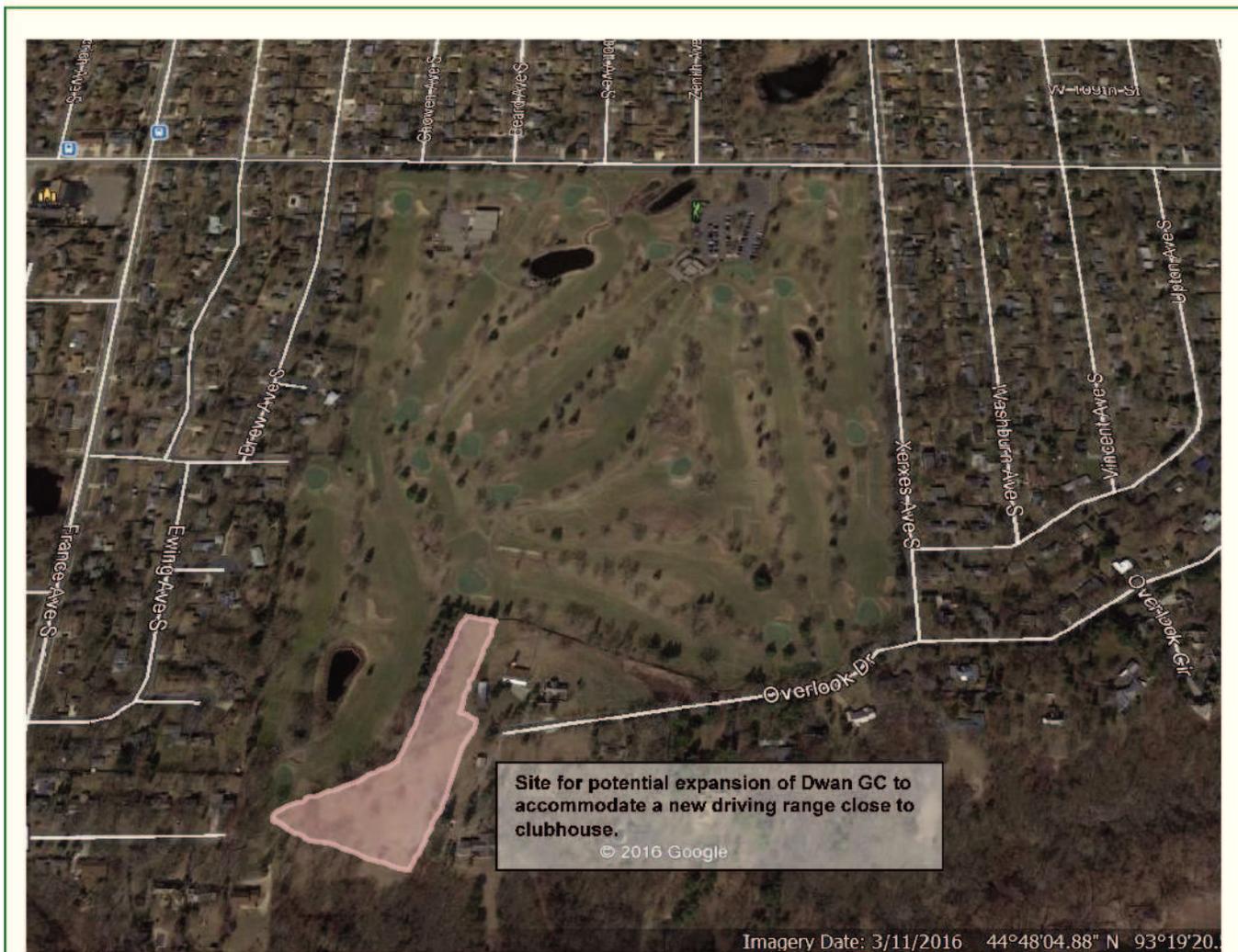
The NGF has presented the City of Bloomington with ideas for enhancement/expansion of facilities at each of Dwan and Hyland Greens GCs. Each of these options would either add, or expand existing driving range facilities at each location. Adding a new driving range to Dwan GC could enhance revenue significantly, both directly and indirectly, but would require considerable expense to acquire new land and renovate the property.

The project to expand the range at Hyland Greens is less invasive, but will still require significant capital to complete. The new revenue that could be generated from the expanded range at Hyland Greens GC could be significant if the range expansion include lighting for night use. The NGF review of each proposal is shown below:

Dwan GC Expansion Review

The addition of a driving range to Dwan GC could add significantly to the facility by providing direct revenue from the range, as well as making the facility more appealing to golfers and groups, thus enhancing the ability to increase rounds. However, as noted, the Dwan GC is locked in with a smaller 94-acre footprint that cannot accommodate a new driving range. As such, the only way to add a driving range to the Dwan GC is to acquire some adjacent private property on the southwest side of Dwan and use the land to re-arrange golf holes so as to allow for a new driving range.

The property being considered would not set up well itself as a driving range due to its location far away from the clubhouse. As such, the only way to make this work would be for all or part of golf holes #4, #5, #3 and/or #9 to be re-located to the newly acquired southwest property, and then add a new range on the vacated site next immediately proximate to the clubhouse. Assuming a cost to reconstruct golf holes of \$150,000 to \$175,000 per hole, it is expected that this project would cost the City in excess of \$600,000 to complete, excluding any cost to acquire the land. The basic schematic of the concept is shown in the image below:



Google Earth image showing the possible expansion option for Dwan GC. As shown, Dwan can only be expanded at its southwest corner, possibly through the acquisition of adjacent private property. As this is not a good site for a driving range (too far from clubhouse), golf holes will have to be reconfigured and added to this space to put a range closer to the clubhouse.

While this proposed project has merit, it is likely that the total cost of the enhancement will be too high to provide any real return on investment. Unless the property needed can be donated or acquired through some other program not tied to golf, **this improvement is not recommended by NGF**. There are better uses for new investment at Dwan GC and NGF recommends that any capital available to complete improvements at Dwan be used for other needed items as identified by NGF (clubhouse, pond, equipment, etc.).

Hyland Greens Alteration Option

NGF has observed two key aspects to altering the Hyland Greens GC site – the former range site along Normandale Blvd and changes to the existing driving range. NGF estimates that there are approximately 10+/- acres of the eastern edge of the property that could be removed from the golf facility and developed as an alternate (non-golf) use without disrupting the existing 9-hole course and driving range. This option makes the most sense to NGF as the eastern edge of the property closest to Normandale Blvd has the most potential value and such a change would leave the existing golf elements unaffected.

The revenue that could be realized from such a move are dependent on the ultimate land use that is allowed. The ideal for the City would be to use any proceeds from the site change to complete future capital projects to improve Dwan and Hyland Greens GC as noted by NGF.



Google Earth image showing Hyland Greens GC and the two locations for proposed changes – the easternmost site of the former range and an unused internal portion of a former golf hole that could become part of a range expansion.

The second physical alteration project to consider for Hyland Greens is the expansion of the length and depth of the existing driving range, and/or adding lights to the facility. The NGF noted that the tee area depth is too narrow to accommodate a full 30-day tee-line rotation, and adding depth to the front of the range would help improve the turf quality. As golfers tend to prefer a grass driving range, this improvement would be expected to improve range activity and revenue. At the same time, expanding the number of range stations would also help to improve range activity and revenue by adding more capacity for the busiest times. Coupled with range lighting for night use, this could significantly expand range revenue for the City. The NGF estimated cost of the project is \$189,000.

OPERATIONAL RECOMMENDATIONS

In addition to the larger oversight and physical recommendations, NGF Consulting offers the following list of recommendations to potentially help grow Bloomington golf revenues. These recommendations are based on the consultants' experience and expertise and stem from a limited review of the operation and facilities. We also recognize that some of these items are already being enacted to varying degrees and that various administrative and other limitations may prevent the City from implementing some of these items. Our recommendations include:

Marketing Enhancements / Plan

A marketing emphasis is critical to increasing awareness and increasing daily fee and tournament play. Strategies may include advertising to create a brand image (e.g., centered around themes such as Dwan's popularity and Hyland Greens' new beginner emphasis) and maintain awareness and interest. A sound marketing plan will increase the City's utilization of web, print, technology, other media and yield management strategies. An effective and comprehensive marketing plan must incorporate research, planning, strategy, market identification, budget, advertising, timetable, and follow-up. Advertising should be tracked adequately to gauge its effectiveness.

Efforts to enhance golf activity at Bloomington golf courses should include: (1) enhanced use of technology & electronic marketing; (2) direct selling (e.g., outings, leagues, hotels at Dwan); and (3) advertising & branding. While some of these activities are ongoing at the time of the NGF review, it is clear that these efforts, particularly web and e-mail, could be enhanced in the coming years of operations, especially if recommended facility enhancements occur. The City and golf course should remain active in promoting and advertising all aspects of the Bloomington golf offering – including both the golf course and snack bar at Dwan and the beginner-friendly and kid-friendly amenities at Hyland Greens.

Further, the NGF recommendations for marketing Bloomington golf courses involve: (1) maintaining or increasing "wallet share" from existing regular-play golfers; (2) improving the messaging and reach to attract greater participation from golfers not residing in Bloomington; and (3) developing a comprehensive tournament and outings strategy that includes direct "face-to-face" marketing to potential target groups and charities. Strategies include: enhanced direct marketing via the Internet; direct selling, including cross-promotions and package deals, with area lodging and other attractions; judicious use of discount books, internet specials, etc.

Facility Messaging and Target Customers

The first step in creating an effective marketing plan is to identify the basic message and target audience of each golf facility. The Bloomington golf courses are each unique and should not have much overlap with each other. A summary of the basic messaging for each facility is noted in the table below:

Bloomington Golf System Facility Messaging and Target Customers	
Dwan Golf Course	Hyland Greens Golf Course & Learning Center
<p>Basic Message:</p> <p>*Well-maintained regulation-length 18-hole golf course that is easy to play and walk 18 holes.</p> <p>*Well-located community golf course in the heart of residential Bloomington</p>	<p>Basic Message:</p> <p>*Golf learning center experience</p> <p>*Inexpensive and great for families and kids seeking to learn the game of golf</p> <p>*Lessons available from an affordable staff of golf professionals</p> <p>*Great place for better-skilled golfers to practice and improve their game</p>
<p>Target Customers:</p> <p>*Bloomington resident golfers</p> <p>*Regional golfers</p> <p>*Area visitors</p> <p>*Bloomington hotel guests</p> <p>*groups and organizations for tournaments and outings</p>	<p>Target Customers:</p> <p>*Bloomington resident and regional golfers</p> <p>*Beginners and other less-skilled players</p> <p>*Summer camps and youth organizations</p> <p>*Seasoned golfers seeking practice</p> <p>*Golf leagues</p>

Better Employment of Technology

Technology is one of the most important and tools available to a golf course management team to create incremental revenue, and proper deployment of technology is critical in golf operations in 2016 and beyond. The NGF has recommended a \$40,000 investment in upgrading technology at the City’s golf courses (included in \$554,000 detailed above). The City’s golf operation would benefit from enhancing technology by including full internet and “Wi-Fi” service at each location, and by adding a modern POS system to each facility, with all revenue stations (golf, snacks, merchandise, range) included in the new system. A new and modern POS system will provide access to tools for initiatives recommended by NGF, although some may require additional training of staff. In general, the City should seek to maximize technology by:

- Using the POS system to identify specific customers and spending patterns to help maximize effective targeted email marketing campaign (i.e. data mining).
- Allowing for increased direct purchases from the online portal. Items such as patron and gift cards purchased directly from the City website would help expand revenue.
- Allowing for social media tools to be integrated into email marketing. This can be done automatically through delivery tools that automatically integrate to the leading social media forums, i.e. Facebook, Twitter, Instagram, etc.
- Considering having a smartphone application developed that includes yardage guides and allows golfers to receive text alerts broadcast from the email system. The average person checks their cell phone 150 times per day. Having a mobile application facilitates connecting with the customer.

E-mail – E-mail databases are essential in today’s golf market place, as a means of staying in touch with the golfer customer base. E-mail marketing, with the exception of word-of-mouth and free advertising, is the most cost-effective advertising possible. Management reports about 750 records in the Bloomington Golf database, all of which are Dwan patron card holders. Golf staff at both locations should work to capture emails during all “touch points” of the customer experience. Augmenting the database should be a top priority of management, so that dynamic pricing and other email marketing can be optimally implemented.

Website and Internet – We noted that the Internet is the most cost-effective form of advertising for golf facilities. The www.bloomingtonmn.gov website for both Bloomington municipal golf facilities appeared to be well done and included all of the features typically associated with successful public golf courses, such as map/directions to the course, information on rates and availability, membership/loyalty program information, email capture, pictures, scorecard and a calendar of events. Key improvements to the Bloomington golf web pages include:

- **Search optimization:** NGF web searches for “Golf Bloomington” showed Dwan and Hyland as the #1 listing. But searches for “Golf Twin Cities,” “Golf Minneapolis” or “Golf Minnesota,” Bloomington courses were not on any of the first several pages. The City should work with professionals to maximize search engine results through modifications to website language and organization (search engine optimization).
- **On-Line Tee Times:** Continue to allow tee times to be booked directly through and online portal. This is a growing trend in public golf and courses that do not have this service are at a severe disadvantage.
- Missing features that NGF recommends the City add include:
 - Information on the banquet room at Dwan (currently only the banquet dinner menu is included), such as capacity, types of functions it has hosted, and who to contact for more information. If the City were to build a new clubhouse at Dwan, with expanded and improved banquet services, there should be a prominent dedicated section of the website for meeting and banquet services.
 - Email Club / Email Specials section to capture customer emails. Growing the existing database may be partly accomplished with a simple message such as “Connect with our Club” (as Billy Casper Golf does for CRC courses). However, since Bloomington Golf management reports reluctance for golfers to provide this information, incentives may be necessary and might include periodic deals on rounds (e.g., foursome specials, packages including cart / hot dog/ beverage) or special pro shop discounts. Another consideration is that golfers must provide their email address to purchase a Patron Card or gift certificate/card.

Social Networking - Social networking is the fastest growing marketing tool in golf. The City should become more active with Facebook and Twitter, which should be used to communicate “what’s going on” type of messages (who won a tournament, who had a hole-in-one, etc.). This tends to help build loyalty and repeat activity.

You Tube - You Tube is the second most utilized search engine on the internet. Bloomington could develop a presence, including informational videos of the facility and golf course, as well as activities such as league play, tournaments, & instruction.

Direct Selling

Ideas for working to directly sell golf services at both facilities:

Tournaments and Outings – The Golf manager and Assistant Golf Manager should expand direct marketing to tournament and outing prospects to bring in a larger share of that business to Dwan (and even Hyland Greens). NGF recognizes that the market for these events is highly competitive and that larger tournaments are not easily accommodated at either facility due to clubhouse limitations. Prospects that should be proactively contacted include charities, churches, civic organizations, corporations and small companies, especially those that have hosted tournaments in the past and have not been contacted recently.

In-House Leagues – The golf staff has been very active and successful in cultivating, promoting and facilitating golf leagues, and encouraging participation and facilitating introductions for new players to join existing leagues at both courses (it can sometimes be difficult for new golfers to join existing clubs). Efforts can be made to invite and facilitate new players to join existing leagues, or help create new leagues.

Dwan Snack Bar – Staff can work to promote the idea of hosting various non-golf activities, luncheons or meetings at the Dwan Snack Bar, especially if recommended clubhouse enhancements are undertaken.

Area Lodging Properties - The golf staff should become active in creating new cross-promotions and package deals with area lodging and other attractions (e.g. Mall of America). This may involve allowing for a special rate (Patron card rate) that can be exclusive to partners, and/or allowing for a longer advance tee time policy for bookings.

Other Marketing, Advertising and Branding

Print / Brochure – Printed ads can still be effective in golf, and Bloomington has worked to include advertisements in several City and Minneapolis publications. The City should create new fold-out pieces, with specific focus on golf and beginner golf. The golf fold-out piece should be printed with the word “Golf” in the upper 1/3 of the front page – to stand out in racks. This piece should be distributed and placed in as many area visitor centers, hotels, and tourist attractions with information racks as is reasonable. NGF research reveals that 33% of all golfers play golf when they travel. Other key print marketing activities:

- Newspaper advertising – both locally and greater Twin Cities
- Golf directories
- Print programs
- Neighborhood mailers

Promotions – Other promotions that could be undertaken or continued by Bloomington golf staff:

- **Coupons** – Providing coupon promotions in various ways, including cross promotions between Hyland Greens and Dwan, etc.
- **Discounts** – Finding the right times to put golf in Bloomington “on sale,” to be done in conjunction with updated pricing convention (more below).
- **Public Relations** - PR announcements are free and can be effective. Make sure to send out press releases and/or articles, particularly on details related to any completed upgrades or renovations. This is highly cost effective, as media may allow free publication of public notices, or send a reporter to profile the upgrades. As additional improvements are made, the reporter(s) should be invited back to see the changes.

Signage - The signage for Bloomington golf courses should be improved as is allowable by local guidelines. Dwan would help to improve its performance with new directional signs at key intersections leading to the course and should be improved to the extent that is allowable by local guidelines. All signage for the golf courses should make it clear that the golf facility and all amenities are City owned and operated, and “open and available to the public.”

Green Fees, Dynamic Pricing and Yield Management

The City offers does not offer many ways to play discounted golf at its facilities, providing discounts only through the Patron Card program. As noted in our competitive review, most of the courses in this market are offering other discounts off of a peak green fee, with the most common being weekday and twilight (later afternoon) discounts.

Though it has become very difficult to maintain 'rate integrity' in oversupplied golf markets over the last few years, we believe that the pricing dynamic in this market is an indication that **discounting of fees, through various channels, can be used as a marketing tool to drive play for City golf courses**. While this tactic is possible, it cannot substitute for other market efforts as noted above but can be part of an overall program to entice increases in golf activity.

In the tables that follow, the NGF will offer its recommendations for green fee pricing at Bloomington golf courses. One key factor that drives the NGF fee recommendation is the idea behind fee discounting is to trade rate for volume, and hope that on balance overall revenues increase. The ultimate goal of yield management and dynamic pricing (matching price to demand during various periods of the week) is to maximize revenues. This practice cannot be done in a vacuum and must consider several factors, such as weather, market demand, and competitors' pricing, and is not easily accomplished. However, it begins with maintaining rate integrity when the facility has 'pricing power' – typically weekday and weekend mornings. **There is no reason to discount to anyone during consistent high demand periods.**

Dwan Golf Course – NGF Proposed Fees (2016-17)

The fees shown below represent the NGF recommendation for Dwan GC. As noted, a new division for weekday/weekend is added along with a new twilight (after 2:00 PM) rate is added:

NGF-Proposed Dwan Golf Course Rates (2016-2017)								
	Patron Card				Non-Patron Rate			
	WD Walk	WE Walk	WD Ride	WE Ride	WD Walk	WE Walk	WD Ride	WE Ride
9 Holes	\$16.00	\$17.00	\$25.00	\$27.00	\$19.00	\$21.00	\$29.00	\$31.00
18 Holes	\$23.00	\$25.00	\$39.00	\$41.00	\$29.00	\$32.00	\$44.00	\$48.00
Senior 18-hole cart (age 62+)	\$23.00	\$25.00	\$36.00	\$39.00	\$29.00	\$32.00	\$42.00	\$46.00
Twilight (after 2:00 PM)	\$20.00	\$22.00	\$33.00	\$35.00	\$25.00	\$28.00	\$35.00	\$39.00

Hyland Greens Golf Fees

The fees shown below represent the NGF recommendation for Hyland Greens GC. Other key changes include a replay rate for the second 9 holes to complete 18, and a new junior rate:

NGF-Proposed Hyland Greens Golf Course Rates (2016-2017)								
	Patron Card				Non-Patron Rate			
	WD Walk	WE Walk	WD Ride	WE Ride	WD Walk	WE Walk	WD Ride	WE Ride
Regulation Tees (9-H)	\$10.00	\$12.00	\$14.00	\$20.00	\$13.00	\$15.00	\$21.00	\$23.00
Replay (2nd 9H)	\$6.00	\$7.00	\$9.00	\$12.00	\$8.00	\$9.00	\$12.00	\$14.00
Family Tees	\$8.00	\$10.00	\$12.00	\$17.00	\$10.00	\$12.00	\$18.00	\$20.00
Replay (2nd 9H)	\$5.00	\$6.00	\$7.00	\$9.00	\$6.00	\$7.00	\$8.00	\$12.00
Junior (age <18 - reg. tees/ unlimited holes)	\$8.00	\$12.00	N/A	N/A	\$10.00	\$15.00	N/A	N/A
Twilight (9H after 2:00 PM)	\$8.00	\$10.00	\$12.00	\$17.00	\$10.00	\$12.00	\$18.00	\$20.00

Notes on New Golf Fees

The overriding goals of the fee changes proposed by NGF were to provide appropriate, market-based discounts to help increase activity, especially at Dwan, and to provide low-cost golf for juniors at Hyland Greens. As a result, some key notes on the proposed new fee structure for Bloomington golf courses includes:

- The peak green + cart fee at Dwan remains \$48 for non-patrons. A non-patron golfer can now get 18-holes + cart for as low as \$35 on weekdays after 2:00. This would be more in line with the area competitive market.
- Anyone can play golf at Dwan for as little as \$20 for a weekday afternoon walking round.
- An 18-hole round at Hyland Greens would be more affordable at \$37 (highest non-patron rate), and as low as \$16 for a weekday after 2:00 from the Family Tees.
- Juniors will be able to play an unlimited number of holes walking for as low as \$8 weekdays and \$10 weekends.

Player Development

We note that new player development will be one of the critical elements to the long-term viability of Bloomington golf courses, and while this should be a point of emphasis at both facilities, it is paramount at Hyland Greens. Direct selling, advertising, and public relations are keys to any successful attempts at building market share in Bloomington. However, one of the critical elements to the long-term viability of public golf courses is player development, especially a strong Junior Program. Also, because of today's difficult climate for golf operations, tapping latent demand among groups that traditionally have shown relatively low golf participation – such as women and minorities – is more important than ever. PGA data shows every new golfer developed could be worth as much as \$250 per year (10 rounds at \$25), and the common successful player development program produces at least 200 new golfers per facility. Key recommendations for player development programming include (**see Appendix D for more detail**):

- Work directly with the PGA for specific descriptions of programs that work, and how to properly implement and promote these programs (i.e. “Get Golf Ready,” “Hook a Kid on Golf,” “Drive Chip & Putt,” “PGA Junior League,” and LPGA’s “Teaching Her” program). Add focus on transitioning new players from learning to playing golf.
- Expand and improve the practice / golf learning amenities at Hyland Greens GC, as noted in NGF’s physical recommendations.
- Encourage and provide incentives for staff to provide golf lessons during off hours.
- Create programs to provide older, used golf equipment to always be available free of charge for beginners, and possibly for other needy prospects via donation or at a deep price discount.

Increased Women’s Participation - This represents a major “industry best practice” and is recommended by NGF to every golf course we review. At present, women account for about 20% of golf participants, but 40% of beginners. There are many reasons why female golf participation is low, but increasing participation from women is one of the keys to maximizing revenue. The most common issues relate to golf course difficulty, retail selection, on-course services (restrooms, drinking fountains), food / beverage selection, and customer service.

Bloomington Golf Preliminary Financial Projections

Given the locations, quality of golf courses, and pricing structure, Bloomington golf courses have the potential to expand their markets served, both among residents and visitors seeking a round of golf at an affordable price. Both facilities are able to handle a much larger volume of golf rounds than is presently being served, with activity reduced due to a variety of reasons, including socio-economic factors, an overall decline in golf participation, and a lower level of awareness in the market than facilities of this quality, value and reputation should enjoy.

The upgrades proposed by NGF for 2016-2020 will allow the City golf courses to be more competitive, and thus more active, in maximizing regular-play use with augmented support from daily fee customers at Dwan, and enhanced beginner and junior use at Hyland Greens. Enhanced marketing should lead to increases in non-resident rounds and other golf activity associated with area lodging, both inside Bloomington and in the greater Minneapolis area. With many golf facilities competing at the similar 'standard' price points, revenue growth based on increasing average rates cannot be relied upon, so most growth must be derived from increases in rounds activity.

Key issues facing Bloomington in its golf facility operations include: (1) how to motivate more non-resident golfers to use the facilities at Dwan GC; and (2) how to maximize the organized event schedule of tournaments, outings, charity functions, etc. as a key to improving economic performance. Market conditions and other factors likely dictate that Bloomington golf courses will remain a modest volume producer for the foreseeable future, but rounds activity and other revenues can be enhanced with strategic marketing, increased awareness of the excellent value these courses offer, and improved facilities to make the facilities more competitive for larger outings, banquets, etc.

BLOOMINGTON GOLF PROJECTIONS (2016-2020)

NGF Consulting has created a cash flow model for each of the Bloomington golf courses, assuming the continued operation of the facilities under the present structure, but with some modifications as recommended by NGF. We also assume that the overall economic condition remains stable, without any sizable increase or decrease in the Twin Cities' metro area economy, employment, or visitation. Additional assumptions are shown below.

Basic Assumptions

- Bloomington golf courses will continue to operate in similar fashion to today, with City self-operation and greater emphasis on attracting daily fee (non-patron) play at Dwan and increased new beginners and juniors at Hyland Greens. The City will work to improve the Dwan and Hyland Greens brands to reflect that the courses are City-run and "open and available to the public."
- The maintenance condition of Bloomington golf courses is continued, with no reductions in maintenance staffing or materials over the next five years.
- The capital upgrade program recommended by NGF is completed according to the following schedule over the next four years:

Year	2017	2018	2019	2020	2021
Projects	DGC clubhouse upgrade + Technology+ wash pad	Range enhancement (HGGC)	Tree program (DGC) + Ponds (DGC)	None	None
Amount	\$255,000	\$189,000	\$110,000	\$0	\$0
Annual	Equip/bunkers = \$39,000	Equip/bunkers = \$39,000	Equip/bunkers = \$39,000	Equip/bunkers = \$39,000	Equip/bunkers = \$39,000
Total	\$294,000	\$228,000	\$149,000	\$39,000	\$39,000
HGGC = Hyland Greens; DGC = Dwan					

- The marketing of Bloomington golf courses is enhanced beginning in 2016, with emphasis on technology, website & email programs, and direct selling. The City will improve initiatives to enhance signage and print advertising with a wider reach than just Bloomington. All marketing activities will target both local and non-local golfers, as well as non-golf activities such as the Dwan snack bar.
- Rounds played are expected to grow, with modest increases in total starts at Dwan (most growth coming from non-patron card rounds), and more significant growth at Hyland Greens (most growth from juniors with the new rate). NGF is projecting total starts to peak at 44,000 at Dwan and 24,000 at Hyland Greens by 2018-2020. These represent realistic targets for Bloomington golf courses and would help to restore the facility to actual rounds levels achieved in the not too distant past. Most all categories of rounds should grow, but the most significant growth is projected in green fee and tournament (non-patron) rounds. We believe this is a reasonable and sustainable level for planning purposes.
- The average revenue per round for green, cart and patron fees are projected to modify slightly with changes to the fee structure as proposed by NGF, plus a 1.0% annual increase through FY2021. Each facility will have its own unique structure (more below), but the average fees will be reflective of a program to provide new discounts to entice activity, while still adhering to a program of yearly increases.
- Average revenue for ancillary items such as food, beverage, snacks and merchandise will be established based on expected improvements to the Dwan clubhouse and other enhancements at Hyland Greens. Direct cost of sales for F & B is held at the 45% recent average, along with 70% for merchandise.
- Operating expenses for each facility are reflective of budgets for 2016 with no major adjustments up or down. The internal “inter-departmental” expenses have been moved to below net operating income to show a clearer picture of actual on-site golf operations. All labor-related expenses are projected to grow annually at 3.0%, and all non-labor expenses at 2.0% based on historical records and recent trends.
- As the NGF Consulting projections are estimates of future results, all figures have been rounded to the nearest \$100 for simplicity.

Projected Financial Performance – Dwan Golf Course

NGF Consulting has created a cash flow model for the continued operation of the Dwan GC under the assumption of City self-operation and other physical and operational enhancements as noted. The primary assumption that drives the NGF Consulting financial projections is that the Dwan will be operated in similar fashion to the existing facility, with enhancements in property, marketing, programming and professionalism.

Key Input Assumptions

- The number of annual golf round starts is estimated by NGF as shown in the table below:

Dwan GC	2017	2018	2019	2020	2021
Total Patron Rounds	27,600	28,000	28,000	28,000	28,000
Total Non-Patron Rounds	12,400	14,000	16,000	16,000	16,000
Total	40,000	43,000	44,000	44,000	44,000

- Revenues are projected based on the NGF-recommended fee structure, along with some historical and industry averages for per-round income. NGF also assumes a consistent inflation in revenue inputs of 1.0% increases every year for green and cart fees, plus other more aggressive increases for ancillary revenues (merchandise / F&B) to reflect clubhouse upgrades:

Dwan GC	2017	2018	2019	2020	2021
Blended Avg. Green Fee	\$21.26	\$21.47	\$21.69	\$21.90	\$22.12
Patron Cards	\$1.70	\$1.72	\$1.73	\$1.75	\$1.77
Cart Rentals	\$5.75	\$5.81	\$5.87	\$5.92	\$5.98
Snack Bar	\$3.55	\$3.75	\$3.95	\$3.99	\$4.03
Merchandise	\$0.25	\$0.50	\$0.55	\$0.56	\$0.56
Other	\$0.20	\$0.20	\$0.20	\$0.21	\$0.21

Cash Flow Statement – Dwan GC w/Upgrades (2017-2021)

NGF Consulting has utilized the previously mentioned assumptions to create the cash flow statements in the following exhibits. Each category of revenue has been listed separately, and an estimate of the total facility average revenue per round has been provided. All figures have been rounded to the nearest \$100 for simplicity.

**Projected Cash Flow Analysis
Dwan Golf Course
18-Hole with Enhancements**

REVENUES:	2017	2018	2019	2020	2021
Green Fees	\$850,400	\$901,800	\$954,200	\$963,800	\$973,400
Patron Cards	68,000	72,100	76,300	77,100	77,800
Cart Rentals	230,000	243,900	258,100	260,700	263,300
Snack Bar	142,000	157,500	173,800	175,500	177,300
Merchandise	10,000	21,000	24,200	24,400	24,700
Other	8,000	8,500	9,000	9,100	9,200
TOTAL REVENUE	\$1,308,400	\$1,404,800	\$1,495,600	\$1,510,600	\$1,525,700
Total Revenue/Round	\$32.71	\$33.45	\$33.99	\$34.33	\$34.68
Less: Direct Cost of Sales					
Snack Bar (45%)	\$63,900	\$70,900	\$78,200	\$79,000	\$79,800
Pro Shop (70%)	\$7,000	\$14,700	\$16,900	\$17,100	\$17,300
Total Direct Costs	\$70,900	\$85,600	\$95,100	\$96,100	\$97,100
TOTAL NET REVENUES	\$1,237,500	\$1,319,200	\$1,400,500	\$1,414,500	\$1,428,600
EXPENSES:					
Wages & Benefits	\$800,000	\$824,000	\$848,700	\$874,200	\$900,400
Utilities	50,000	51,000	52,000	53,000	54,100
Chemicals	21,000	21,400	21,800	22,200	22,600
Fuel	15,000	15,300	15,600	15,900	16,200
Supplies	165,000	168,300	171,700	175,100	178,600
TOTAL EXPENSES	\$1,051,000	\$1,080,000	\$1,109,800	\$1,140,400	\$1,171,900
NOI Before Capital and City Inter-Departmental (Loss)	\$186,500	\$239,200	\$290,700	\$274,100	\$256,700
Inter-Departmental Charges	\$175,000	\$178,500	\$182,100	\$185,700	\$189,400
Capital	\$274,000	\$39,000	\$149,000	\$39,000	\$39,000
NOI After Capital and City Inter-Departmental (Loss)	(\$262,500)	\$21,700	(\$40,400)	\$49,400	\$28,300

Cash Flow Results (Dwan GC)

The results of NGF Consulting's preliminary cash flow projection shows that if the Dwan GC operation is continued with clubhouse enhancements and improved marketing, the facility is expected to produce revenue totals in the \$1.5 million range by 2019, if the City maintains slight (1%) annual green/cart fee increases. Considering all preliminary expense estimates prepared by NGF Consulting for this study, the annual net income before internal charges and capital is likely to be positive, reaching as high as \$256,700 by 2021. Put another way, it is clear that the Dwan operation, while capable of covering its day-to-day on site expenses, is not capable of covering the direct cost associated with the City's inter-departmental charges and the capital required to continually upgrade the property. As such, NGF expects that Dwan will require some external funding mechanism to cover any capital costs associated with facility improvements as proposed by NGF.

Projected Financial Performance – Hyland Greens Golf Course

The cash flow model for Hyland Greens is based on the same basic assumptions as Dwan, with slight modifications to reflect the golf facility type and revenue centers. The primary assumption that drives the NGF Consulting financial projections is that Hyland Greens will be operated in similar fashion to the existing facility, with enhancements in property, marketing, programming and professionalism.

Key Input Assumptions

- The number of annual 9-hole rounds is estimated by NGF as shown in the table below:

Hyland Greens GC	2017	2018	2019	2020	2021
Regular 9-Hole Rounds	12,000	12,500	13,000	13,500	14,000
Discounted Rounds	4,000	4,500	5,000	6,000	6,000
Junior Rounds	1,000	2,000	3,000	3,500	4,000
Total	17,000	19,000	21,000	23,000	24,000

Cash Flow Statement – Hyland Greens GC w/Upgrades (2017-2021)

NGF Consulting has utilized the previously mentioned assumptions to create the cash flow statements in the following exhibits. Each category of revenue has been listed separately, and an estimate of the total facility average revenue per round has been provided. All figures have been rounded to the nearest \$100 for simplicity.

Projected Cash Flow Analysis Hyland Greens Golf Course 9-Hole with Enhancements					
	2017	2018	2019	2020	2021
REVENUES:					
Green Fees	\$212,500	\$223,300	\$236,300	\$241,500	\$246,000
Patron Cards	22,100	23,800	25,200	27,600	28,800
Driving Range	114,800	129,500	144,600	160,000	168,600
FootGolf	42,500	45,600	48,300	50,600	51,600
Cart Rentals	25,500	26,600	28,400	29,900	30,000
Concessions	17,000	19,000	21,000	23,000	24,000
Other	2,600	2,900	3,200	3,600	3,700
TOTAL REVENUE	\$437,000	\$470,700	\$507,000	\$536,200	\$552,700
Less: Direct Cost of Sales	\$6,800	\$7,600	\$8,400	\$9,200	\$9,600
TOTAL NET REVENUES	\$430,200	\$463,100	\$498,600	\$527,000	\$543,100
EXPENSES:					
Wages & Benefits	\$390,000	\$401,700	\$413,800	\$426,200	\$439,000
Utilities	24,000	24,700	25,400	26,200	27,000
Chemicals	7,500	7,700	7,900	8,100	8,300
Fuel	5,500	5,700	5,900	6,100	6,300
Supplies	38,600	39,800	41,000	42,200	43,500
TOTAL EXPENSES	\$465,600	\$479,600	\$494,000	\$508,800	\$524,100
NOI Before Capital and City Inter-Departmental (Loss)	(\$35,400)	(\$16,500)	\$4,600	\$18,200	\$19,000
Inter-Departmental Charges	\$90,000	\$92,700	\$95,500	\$98,400	\$101,400
Capital	\$20,000	\$189,000	\$0	\$0	\$0
NOI After Capital and City Inter-Departmental (Loss)	(\$145,400)	(\$298,200)	(\$90,900)	(\$80,200)	(\$82,400)

Cash Flow Results (Hyland Greens GC)

The results of NGF Consulting's preliminary cash flow projection show that Hyland Greens GC is going to remain an economically-challenged operation for the foreseeable future. Even if revenues can be enhanced by over \$115,000, the total expense to operate the facility will keep the net income close to "break-even," **before** other items like inter-departmental charges and capital are added in. Put simply, it does not appear to NGF that Hyland Greens GC will ever be able to adhere to a full economic sustainability model and will always require some kind of external subsidy to remain viable.

Given that Hyland Greens GC is providing Bloomington residents (especially juniors) with active, physical recreation, the City may find that the better model for this operation is to become part of the General Fund as opposed to a true "enterprise" operation. As a General Fund operation, Hyland Greens can become like other park uses with lower cost recovery, and do not have a profit or 'break-even' requirement.

Financial Projection Summary

The results of NGF Consulting's preliminary cash flow projection show that, if operated in the same basic structure that exists at the club today with some upgrades as recommended by NGF, City golf courses could grow enough to generate \$2.0 million in revenue on 65,000 total rounds (starts) by 2019. This figure represents an increase of about 14% over 2015 total rounds, and would still not be enough to cover all defined golf enterprise obligations (including inter-departmental and capital) under the current golf enterprise structure. However, Dwan GC as a single entity would be able to cover all its obligations (including inter-departmental and capital) under this scenario.

Put another way, it does not appear that the Bloomington golf operation, as currently situated, is capable of funding its entire operation, all internal charges and the capital investment needed to upgrade the facilities. However, the NGF believes that these facility upgrades will be necessary to generate the revenue needed in later years to sustain basic "day-to-day" operations. It is clear to the NGF consultants that even if the City operates the golf courses under the enhanced scenario presented above, the facilities will not be capable of sustaining large-scale capital cost reduction.

Moreover, though we expect that the system can ultimately produce positive net operating income, **NGF believes it is not likely that the system can continue to cover all obligations and will require external support.** Extensive NGF experience with municipal golf operations all over the country have taught us that any short-term operating surpluses that can be achieved should be set aside for future improvements that will inevitably arise. Transferring some or all of these surpluses to the General Fund would ultimately make the facilities less competitive due to a lack of resources. We have observed a growing trend of municipalities "forgiving" accumulated golf enterprise fund deficits (sometimes in conjunction with transferring accounting of golf operations to the General Fund) – **a very key public policy decision that can accomplish more than virtually anything else in ensuring the future sustainability of a municipal golf system that is economically challenged.**

Financial Projection – Combined System

The table below shows the NGF-projected income of the combined two-facility Bloomington golf system under current operation and structure:

Projected Cash Flow Analysis City of Bloomington Golf Courses with Enhancements					
Capital Project	DGC clubhouse +Technology	HGGC Range DGC Equip/Bunkers	DGC Ponds/Trees DGC Equip/Bunkers	DGC Equip/Bunkers	DGC Equip/Bunkers
Year	2017	2018	2019	2020	2021
Total Projected Rounds (Starts)	57,000	61,000	65,000	67,000	68,000
Revenue					
Green Fees	\$1,062,900	\$1,125,100	\$1,190,500	\$1,205,300	\$1,219,400
Patron Cards	90,100	95,900	101,500	104,700	106,600
Cart Rentals	255,500	270,500	286,500	290,600	293,300
Driving Range	114,800	129,500	144,600	160,000	168,600
Dwan (F&B + Merch)	152,000	178,500	198,000	199,900	202,000
Hyland Greens (F&B + Merch)	17,000	19,000	21,000	23,000	24,000
FootGolf	42,500	45,600	48,300	50,600	51,600
Other	10,600	11,400	12,200	12,700	12,900
Total Revenue	\$1,745,400	\$1,875,500	\$2,002,600	\$2,046,800	\$2,078,400
Direct Cost of Sales (COS)					
Dwan Snack Bar	\$63,900	\$70,900	\$78,200	\$79,000	\$79,800
Dwan Merchandise	\$7,000	\$14,700	\$16,900	\$17,100	\$17,300
Hyland Greens Concessions	\$6,800	\$7,600	\$8,400	\$9,200	\$9,600
Total COS	\$77,700	\$93,200	\$103,500	\$105,300	\$106,700
Gross Margin	\$1,667,700	\$1,782,300	\$1,899,100	\$1,941,500	\$1,971,700
Direct On-Site Operating Expense					
Wages & Benefits	\$1,190,000	\$1,225,700	\$1,262,500	\$1,300,400	\$1,339,400
Utilities	74,000	75,700	77,400	79,200	81,100
Chemicals	28,500	29,100	29,700	30,300	30,900
Fuel	20,500	21,000	21,500	22,000	22,500
Supplies	203,600	208,100	212,700	217,300	222,100
Total Operating Expenses	\$1,516,600	\$1,559,600	\$1,603,800	\$1,649,200	\$1,696,000
NOI Before Capital and City Inter-Departmental (Loss)	\$151,100	\$222,700	\$295,300	\$292,300	\$275,700
Internal charges	\$265,000	\$271,200	\$277,600	\$284,100	\$290,800
Capital	\$294,000	\$228,000	\$149,000	\$39,000	\$39,000
NOI After Capital and City Inter- Departmental (Loss)	(\$407,900)	(\$276,500)	(\$131,300)	(\$30,800)	(\$54,100)

LIMITING CONDITIONS

The income estimates presented by NGF Consulting have been prepared based on existing and projected market conditions, the quality of the subject facilities and the intended segment of the golf market toward which they are oriented. Particular focus was paid to the reality of golf supply in the immediate local market where several golf facilities have been struggling to generate enough golf rounds to meet their obligations. Proper uses of these estimates include:

- Establishing reasonable parameters for expected performance for the subject facilities
- Determining an appropriate level for new capital investments the facilities can support
- Establishing the basis for financing determinations
- Providing guidelines for realistic expectations of income and expense

NGF Consulting is confident that some growth in activity and revenue can be achieved at the City golf facilities. From a practical standpoint, those managing these facilities will need to respond to variable market conditions as well as unforeseen maintenance needs. NGF Consulting is confident that the facility will be able to continue to achieve results as presented in our Base Scenario beyond the next five years of operation.

MARKET SHARE CONCLUSIONS

When projecting a realistic market share for Bloomington golf courses, it is important to realize that the total number of rounds to be played on a golf course in any given year may be lower than the market opportunity appears to suggest. It is typical for an existing public access golf facility to achieve only a portion of its total potential. Our estimates of performance for City golf courses could change should the following conditions occur:

Stronger Performance	Weaker Performance
Future course closings	New course openings
Faster population growth than projected	Incorrect price levels
Positive regional publicity	Poor customer service
Lack of loyalty to existing courses	Deteriorating facility quality
Unforeseen surge in golf interest	Regional economic recession
Excellent yearly weather conditions	Poor yearly weather conditions

It is important to measure the performance of the City's municipal golf assets in such a way as to help the City make financial decisions based on realistic expectations. It is obviously possible that either more or fewer rounds will be realized. As we have noted, we do anticipate that it is highly unrealistic that the golf system in the foreseeable future would be able to generate operating surpluses sufficient to fund capital needs, and certainly not accumulated deficit repayments, so it is important for the City to plan accordingly.

Non-Economic Value of Public Golf

In addition to the direct economic benefit derived from green, cart and other fees, a public-access golf business brings other value that cannot be measured directly in economics. Golf courses provide:

- Open spaces
- A healthy recreational outlet for residents
- A venue to attract visitors
- Enhancement to the overall quality of life
- Good reflection on the image/brand of a community
- Enhancement to local property values
- Golf-related jobs and income to the community through purchases, wages, and taxes

Additionally, a golf facility can elevate the quality of life, improve the health and well-being of citizens and provide an outlet for youth activities and programming.

INDIRECT BENEFITS TO BLOOMINGTON

The indirect, non-economic benefits of municipal golf in Bloomington include many factors related to quality of life and the enhancement of community recreation programs. In this case, there are specific benefits to the City from preserving Dwan and Hyland Greens, as well as other more general benefits from having public (municipal) golf courses. These intrinsic value propositions are detailed below:

Specific Benefits of Retaining City Golf Courses

From the City's perspective, continuing to offer municipal golf service would provide at least the following benefits:

- The generation of political goodwill in the community by taking an action consistent with expressed interests of the community in maintaining the golf courses and preserving open space.
- Provision of high quality golf courses for the enjoyment of the citizens of Bloomington, especially those not able or willing to belong to a private golf club.
- Marketing value (e.g., in drawing companies or professionals) for Bloomington, related to being a wonderful community in which to live, with a diverse array of recreational and cultural opportunities.
- Providing an exceptional venue for the scholastic use in practice rounds, inter-squad competition and tournaments.
- Providing a venue for hosting charity tournaments, outings, golf events and other fundraising activities that presently have direct cost to host at other golf facilities.
- Providing enhancement to City resident "quality of life" in areas such as community-based sport programs, parks and recreation programming and improved socialization.

Other Benefits of Municipal Golf

Aside from the direct net cash flows that can result from a profitable daily operation and the specific issues related to the golf courses noted above, there are two main impacts from municipal golf within a City such as Bloomington: (1) indirect economic impact; and (2) recreation/programming impact.

Indirect Economic Impact

Although a full economic impact study has not been completed for Dwan and Hyland Greens, the City can assume that the presence of these golf courses will add to the economy of Bloomington by:

1. Job creation
2. An in-migration of golfers
3. Direct spending by visitors at off-site establishments such as gas stations, grocery stores, restaurants, and hotels
4. Sales tax revenue generation
5. Enhanced property values
6. The multiplier effect of indirect and induced spending throughout the local economy

Recreation and Programming Benefits

Communities with municipal golf courses can offer:

1. Low fee golf service to residents
2. High quality outdoor recreation
3. Junior programs and camps
4. Scholastic programs
5. Community outreach
6. New golfer development programs

Summary Statement

It is our opinion that the Bloomington golf courses are at a critical point in their history. The golf courses remain popular, but are clearly losing market support due to a mostly local and aging population of Bloomington golfers. The NGF review shows that in order to remain viable the City's golf courses are going to have to start attracting a greater share of the broader Twin Cities golf market, and not just rely on Bloomington for support. As such, the City will have to become more active in seeking to attract new golfers to the facilities through enhanced marketing and promotion, particularly to non-local golfers, and commit to increased investment in the facilities. This will require a commitment from the City administration and recognition that the City's golf courses are at best capable of sustaining only their basic "day-to-day" on-site responsibilities, but **not capable of paying for large internal overhead and the new capital investment needed to remain competitive.**

In addition to new marketing and promotion, other changes in this golf system will be required. The NGF has recommended three key changes, including new investment in physical plant (clubhouse at Dwan and expanded range at Hyland Greens), removing Hyland Greens from the golf enterprise and returning to the general fund, and maximizing the economic use of the Hyland Greens GC's easternmost 10 acres. These three recommendations are generally all inter-related and action on all three would go a long way to providing long-term sustainability to the City's municipal golf system.

The Bloomington golf system is basically set up in a traditional municipal golf format with full City control of facilities and labor. The NGF did not uncover any indication that the facilities are being mismanaged in any way, and this golf system has the benefit of a veteran staff with multiple positions possessing many years of experience. The NGF review shows that the best opportunity to improve economic performance is under a continued self-operation model, but with modifications to enhance marketing, improve technology, increase marketing and take full advantage of land resources.

In summary, our findings are that Bloomington is operating two public golf courses that are of good quality and are very popular in Bloomington, but do not have much impact to golfers beyond the City's boundaries. NGF Consulting recognizes the fiscal challenges faced by the City in its golf operation, and reminds City administration that these challenges are common and not at all unique to Bloomington. As the City moves forward in creating a new plan for Dwan and Hyland Greens, it must understand that the level of rounds activity needed to meet all facility on-site obligations, internal City overhead AND make capital improvements is not likely to be achieved in the near future (and is not being achieved by other area courses). The most important NGF recommendations to Bloomington in the operation of its golf courses include:

1. Move Hyland Greens GC out of the golf enterprise and into the general fund
2. Expand the reach out to golfers living outside of Bloomington
3. Enhance marketing, especially related to technology (internet, email, social, etc.) and direct selling (tournaments, hotel, non-golf food & beverage)
4. Modify and improve the clubhouses at both DGC and HGGC
5. Adjust the pricing of golf at both facilities to offer more discounts, especially so juniors at Hyland Greens GC can play for as little as \$8.00
6. Maximize the use of land assets at Hyland Greens GC to allow for new (non-golf) uses of property, with proceeds going to improve the City's golf facilities

Appendices

A: Golf Course Life Cycle

B: Local Demographic, Demand and Supply Data

C: National Rounds Played Report

D: Player Development Support Items

E: Golfer Survey Customer Origin Maps

APPENDIX A – GOLF COURSE LIFE CYCLE

GOLF COURSE ITEMS EXPECTED LIFE CYCLE

HOW LONG SHOULD PARTS OF THE GOLF COURSE LAST?

ITEM	YEARS	ITEM	YEARS
Greens (1)	15 – 30 years	Cart Paths – concrete	15 – 30 years
Bunker Sand	5 – 7 years	Practice Range Tees	5 – 10 years
Irrigation System	10 – 30 years	Tees	15 – 20 years
<i>Irrigation Control System</i>	<i>10 – 15 years</i>	Corrugated Metal Pipes	15 – 30 years
<i>PVC Pipe (under pressure)</i>	<i>10 – 30 years</i>	Bunker Drainage Pipes (3)	5 – 10 years
<i>Pump Station</i>	<i>15 – 20 years</i>	Mulch	1 – 3 years
Cart Paths – asphalt (2)	5 – 10 years (or longer)	Grass (4)	Varies

NOTES: (1) Several factors can weigh into the decision to replace greens: accumulation of layers on the surface of the original construction, the desire to convert to new grasses and response to changes in the game from an architectural standpoint (like the interaction between green speed and hole locations). (2) Assumes on-going maintenance beginning 1 – 2 years after installation. (3) Typically replaced because the sand is being changed — while the machinery is there to change sand, it's often a good time to replace the drainage pipes as well. (4) As new grasses enter the marketplace — for example, those that are more drought and disease tolerant — replanting may be appropriate, depending upon the site.

Component life spans can vary depending upon location of the golf course, quality of materials, original installation and past maintenance practices. We encourage golf course leaders to work with their golf course architect, superintendents and others to assess the longevity of their particular course's components.

The American Society of Golf Course Architects (ASGCA) thanks those at the USGA Green Section, Golf Course Builders Association of America, Golf Course Superintendents Association of America and various suppliers for their assistance in compiling this information.

The materials presented on this chart have been reviewed by the following Allied Associations of Golf:

For more information,
contact ASGCA at

262-786-5960 or

www.asgca.org



DATA COMPILED BY ASGCA, 125 NORTH EXECUTIVE DRIVE, SUITE 106, BROOKFIELD, WI 53005

APPENDIX B – LOCAL DEMOGRAPHIC, DEMAND AND SUPPLY DATA

Dwan GC Local Demographics + Golf Demand and Supply Data

Dwan Golf Club, Bloomington, MN	5 miles	10 miles	20 miles	Minneapolis-St. Paul-Bloomington CBSA	Hennepin County	U.S.
Summary Demographics						
Population 1990 Census	159,046	558,713	1,709,736	2,593,422	1,031,487	248,584,652
Population 2000 Census	175,481	644,436	1,913,733	3,031,913	1,116,205	281,399,034
CAGR 1990-2000	0.99%	1.44%	1.13%	1.57%	0.79%	1.25%
Population 2010 Census	177,847	692,010	2,015,606	3,348,859	1,152,425	308,745,538
CAGR 2000-2010	0.13%	0.71%	0.52%	1.00%	0.32%	0.93%
Population Estimate 2015	185,508	719,114	2,110,538	3,473,932	1,215,059	319,998,423
Population 2020 Projected	195,172	756,758	2,220,859	3,631,914	1,289,043	332,811,226
CAGR 2015-2020	0.64%	0.64%	0.64%	0.56%	0.74%	0.49%
CAGR 2010-2020	1.17%	1.12%	1.22%	1.02%	1.41%	0.94%
Median HH Income (2015 Estimate)	\$66,304	\$74,653	\$64,751	\$68,097	\$65,571	\$52,747
Median Age (2015 Estimate)	40.7	38.0	36.2	37.1	36.7	37.8
Ethnicity						
White	76.9%	79.2%	73.5%	79.7%	72.8%	71.10%
African American	8.6%	7.4%	10.9%	7.9%	12.5%	13.30%
Asian	7.6%	6.5%	8.0%	6.4%	7.1%	5.40%
All Other	6.9%	6.9%	7.5%	6.0%	7.6%	10.2%
Hispanic Population						
Hispanic	7.4%	6.8%	7.4%	5.7%	7.0%	17.00%
Not Hispanic	92.6%	93.2%	92.6%	94.3%	93.0%	83.00%
CAGR = Compound Annual Growth Rate						
Dwan Golf Club, Bloomington, MN	5 miles	10 miles	20 miles	Minneapolis-St. Paul-Bloomington CBSA	Hennepin County	U.S.
Golf Demand Indicators						
Total Households	77,785	299,092	860,282	1,370,257	506,772	123,276,069
Number of Golfing Households	17,048	67,116	179,512	301,393	107,521	17,094,503
Projected Golfing Households (2020)	18,241	72,386	194,121	323,576	117,871	17,802,020
Projected Annual Growth Rate	1.40%	1.50%	1.60%	1.40%	1.90%	0.8%
Seasonal Golfing Households	122	528	1,456	3,635	1,046	737,636
Latent Demand/Interested Non-Golfers	26,157	105,527	310,484	461,213	185,702	37,346,478
Household Participation Rate	21.90%	22.40%	20.90%	22.00%	21.20%	13.9%
Number of Golfers	22,915	92,663	250,468	432,400	148,024	24,130,710
		1,680,17				
Rounds Potential (resident golfers)	460,382	7	4,519,287	7,730,755	2,727,700	465,791,320
Estimated Course Rounds (in-market supply)	111,165	618,561	2,162,199	5,487,750	1,213,270	465,791,320
Demand Indices						
Golfing Household Participation Rate	158	162	150	159	153	100
Seasonal Golfing Households	26	30	28	44	35	100
Latent Demand/Interested Non-Golfers	123	125	126	114	131	100
Rounds Potential per Household (resident golfers)	157	149	139	149	142	100

Dwan Golf Club, Bloomington, MN	5 miles	10 miles	20 miles	Minneapolis- St. Paul- Bloomington CBSA	Hennepin County	U.S.
Golf Supply						
Golf Facilities						
Total	4	24	76	185	43	15,204
Public	3	15	54	150	26	11,388
Public: Daily Fee	0	7	23	105	9	8,906
Public: Municipal	3	8	31	45	17	2,482
Private	1	9	22	35	17	3,816
Public Golf Facilities by Price Point						
Premium (>\$70)	0	3	4	11	2	1,363
Standard (\$40-\$70)	1	6	29	88	14	4,013
Value (<\$40)	2	6	21	51	10	6,012
Golf Holes						
Total	54	378	1,233	3,222	729	257,193
Public	36	216	846	2,601	423	187,614
Public: Daily Fee	0	108	405	1,899	162	146,124
Public: Municipal	36	108	441	702	261	41,490
Private	18	162	387	621	306	69,579
Non-Regulation (Executive & Par-3)	18	36	207	441	144	21,348
Net Change						
Net Change in Holes past 5 years	-9	-63	-126	-198	-90	-9,045
Percentage Total Holes Past 5 Yrs.	-14.30%	-14.30%	-9.30%	-5.80%	-11.00%	-3.4%
Net Change in Holes past 10 Years	-18	-72	-144	-333	-117	-12,231
Percentage Total Holes Past 10 Yrs.	-25.00%	-16.00%	-10.50%	-9.40%	-13.80%	-4.5%

Dwan Golf Club, Bloomington, MN				Minneapolis- St. Paul- Bloomington	Hennepin	U.S.
	5 miles	10 miles	20 miles	CBSA	County	
Supply-Demand Ratios						
Households per 18 Holes						
Total	25,928	14,242	12,559	7,655	12,513	8,628
Public	38,893	24,924	18,304	9,483	21,565	11,827
Public: Daily Fee	0	49,849	38,235	12,988	56,308	15,186
Public: Municipal	38,893	49,849	35,114	35,135	34,950	53,482
Private	77,785	33,232	40,013	39,718	29,810	31,891
Premium (>\$70)	0	99,697	215,071	119,153	202,709	74,555
Standard (\$40-\$70)	77,785	49,849	26,470	14,126	32,695	28,837
Value (<\$40)	77,785	99,697	81,932	38,063	92,140	27,428
Golfing Households per 18 Holes						
Total	5,683	3,196	2,621	1,684	2,655	1,196
Public	8,524	5,593	3,819	2,086	4,575	1,640
Public: Daily Fee	0	11,186	7,978	2,857	11,947	2,106
Public: Municipal	8,524	11,186	7,327	7,728	7,415	7,416
Private	17,048	7,457	8,349	8,736	6,325	4,422
Premium (>\$70)	0	22,372	44,878	26,208	43,008	10,338
Standard (\$40-\$70)	17,048	11,186	5,523	3,107	6,937	3,999
Value (<\$40)	17,048	22,372	17,096	8,372	19,549	3,803
Household Indices						
Total	301	165	146	89	145	100
Public	329	211	155	80	182	100
Private	244	104	125	125	93	100
Premium (>\$70)	0	134	288	160	272	100
Standard (\$40-\$70)	270	173	92	49	113	100
Value (<\$40)	284	363	299	139	336	100
Golfing Household Indices						
Total	475	267	219	141	222	100
Public	520	341	233	127	279	100
Private	386	169	189	198	143	100
Premium (>\$70)	0	216	434	254	416	100
Standard (\$40-\$70)	426	280	138	78	173	100
Value (<\$40)	448	588	450	220	514	100
Rounds per 18 Holes						
Rounds Potential (resident golfers)	153,461	80,008	65,975	43,189	67,351	32,599
Estimated Course Rounds (in-market supply)	37,055	29,455	31,565	30,658	29,957	32,599

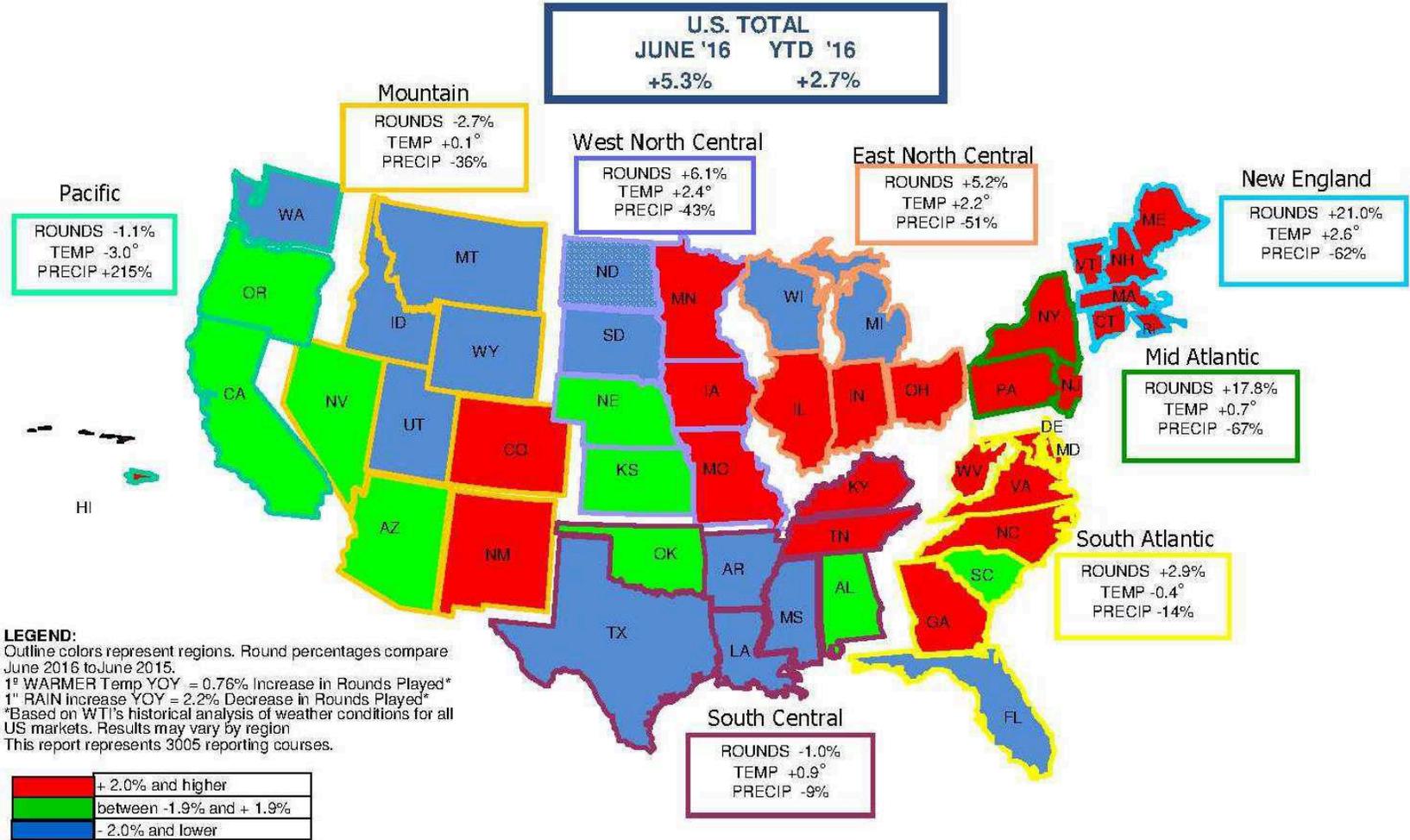
Hyland Greens GC Golf Demand and Supply Data

Hyland Green Golf & Learning Center, Bloomington, MN	5 miles	10 miles	20 miles	Minneapolis-St. Paul-Bloomington CBSA	Hennepin County	U.S.
Summary Demographics						
Population 1990 Census	148,588	613,947	1,731,177	2,593,422	1,031,487	248,584,652
Population 2000 Census	157,902	694,103	1,931,413	3,031,913	1,116,205	281,399,034
CAGR 1990-2000	0.61%	1.23%	1.10%	1.57%	0.79%	1.25%
Population 2010 Census	163,703	731,902	2,038,329	3,348,859	1,152,425	308,745,538
CAGR 2000-2010	0.36%	0.53%	0.54%	1.00%	0.32%	0.93%
Population Estimate 2015	171,083	762,727	2,135,114	3,473,932	1,215,059	319,998,423
Population 2020 Projected	180,611	804,632	2,247,010	3,631,914	1,289,043	332,811,226
CAGR 2015-2020	0.68%	0.67%	0.64%	0.56%	0.74%	0.49%
CAGR 2010-2020	1.24%	1.19%	1.23%	1.02%	1.41%	0.94%
Median HH Income (2015 Estimate)	\$70,107	\$72,492	\$64,832	\$68,097	\$65,571	\$52,747
Median Age (2015 Estimate)	40.7	38.0	36.2	37.1	36.7	37.8
Ethnicity						
White	77.4%	78.5%	73.3%	79.7%	72.8%	71.10%
African American	7.4%	7.9%	11.1%	7.9%	12.5%	13.30%
Asian	9.1%	6.2%	8.2%	6.4%	7.1%	5.40%
All Other	6.1%	7.5%	7.5%	6.0%	7.6%	10.2%
Hispanic Population						
Hispanic	6.1%	7.5%	7.4%	5.7%	7.0%	17.00%
Not Hispanic	93.9%	92.5%	92.6%	94.3%	93.0%	83.00%
CAGR = Compound Annual Growth Rate						
Hyland Green Golf & Learning Center, Bloomington, MN	5 miles	10 miles	20 miles	Minneapolis-St. Paul-Bloomington CBSA	Hennepin County	U.S.
Golf Demand Indicators						
Total Households	75,814	320,571	871,782	1,370,257	506,772	123,276,069
Number of Golfing Households	17,324	70,756	182,779	301,393	107,521	17,094,503
Projected Golfing Households (2020)	18,710	76,394	197,755	323,576	117,871	17,802,020
Projected Annual Growth Rate	1.60%	1.50%	1.60%	1.40%	1.90%	0.8%
Seasonal Golfing Households	165	569	1,490	3,635	1,046	737,636
Latent Demand/Interested Non-Golfers	25,464	114,395	314,714	461,213	185,702	37,346,478
Household Participation Rate	22.90%	22.10%	21.00%	22.00%	21.20%	13.9%
Number of Golfers	23,325	96,342	255,435	432,400	148,024	24,130,710
Rounds Potential (resident golfers)	478,861	1,776,711	4,600,434	7,730,755	2,727,700	465,791,320
Estimated Course Rounds (in-market supply)	162,233	551,045	2,275,527	5,487,750	1,213,270	465,791,320
Demand Indices						
Golfing Household Participation Rate	165	159	151	159	153	100
Seasonal Golfing Households	36	30	29	44	35	100
Latent Demand/Interested Non-Golfers	123	129	126	114	131	100
Rounds Potential per Household (resident golfers)	167	147	140	149	142	100

Hyland Green Golf & Learning Center, Bloomington, MN	5 miles	10 miles	20 miles	Minneapolis- St. Paul- Bloomington CBSA	Hennepin County	U.S.
Golf Supply						
Golf Facilities						
Total	5	22	80	185	43	15,204
Public	3	14	57	150	26	11,388
Public: Daily Fee	0	7	24	105	9	8,906
Public: Municipal	3	7	33	45	17	2,482
Private	2	8	23	35	17	3,816
Public Golf Facilities by Price Point						
Premium (>\$70)	0	2	5	11	2	1,363
Standard (\$40-\$70)	2	5	30	88	14	4,013
Value (<\$40)	1	7	22	51	10	6,012
Golf Holes						
Total	90	333	1,296	3,222	729	257,193
Public	54	189	882	2,601	423	187,614
Public: Daily Fee	0	99	405	1,899	162	146,124
Public: Municipal	54	90	477	702	261	41,490
Private	36	144	414	621	306	69,579
Non-Regulation (Executive & Par-3)	9	45	234	441	144	21,348
Net Change						
Net Change in Holes past 5 years	-18	-45	-135	-198	-90	-9,045
Percentage Total Holes Past 5 Yrs.	-16.70%	-11.90%	-9.40%	-5.80%	-11.00%	-3.4%
Net Change in Holes past 10 Years	-27	-54	-153	-333	-117	-12,231
Percentage Total Holes Past 10 Yrs.	-23.10%	-14.00%	-10.60%	-9.40%	-13.80%	-4.5%

Hyland Green Golf & Learning Center, Bloomington, MN	5 miles	10 miles	20 miles	Minneapolis- St. Paul- Bloomington CBSA	Hennepin County	U.S.
Supply-Demand Ratios						
Households per 18 Holes						
Total	15,163	17,328	12,108	7,655	12,513	8,628
Public	25,271	30,531	17,791	9,483	21,565	11,827
Public: Daily Fee	0	58,286	38,746	12,988	56,308	15,186
Public: Municipal	25,271	64,114	32,897	35,135	34,950	53,482
Private	37,907	40,071	37,904	39,718	29,810	31,891
Premium (>\$70)	0	160,286	174,356	119,153	202,709	74,555
Standard (\$40-\$70)	30,326	64,114	26,418	14,126	32,695	28,837
Value (<\$40)	0	91,592	79,253	38,063	92,140	27,428
Golfing Households per 18 Holes						
Total	3,465	3,825	2,539	1,684	2,655	1,196
Public	5,775	6,739	3,730	2,086	4,575	1,640
Public: Daily Fee	0	12,865	8,124	2,857	11,947	2,106
Public: Municipal	5,775	14,151	6,897	7,728	7,415	7,416
Private	8,662	8,845	7,947	8,736	6,325	4,422
Premium (>\$70)	0	35,378	36,556	26,208	43,008	10,338
Standard (\$40-\$70)	6,930	14,151	5,539	3,107	6,937	3,999
Value (<\$40)	0	20,216	16,616	8,372	19,549	3,803
Household Indices						
Total	176	201	140	89	145	100
Public	214	258	150	80	182	100
Private	119	126	119	125	93	100
Premium (>\$70)	0	215	234	160	272	100
Standard (\$40-\$70)	105	222	92	49	113	100
Value (<\$40)	553	334	289	139	336	100
Golfing Household Indices						
Total	290	320	212	141	222	100
Public	352	411	227	127	279	100
Private	196	200	180	198	143	100
Premium (>\$70)	0	342	354	254	416	100
Standard (\$40-\$70)	173	354	139	78	173	100
Value (<\$40)	911	532	437	220	514	100
Rounds per 18 Holes						
Rounds Potential (resident golfers)	95,772	96,038	63,895	43,189	67,351	32,599
Estimated Course Rounds (in-market supply)	32,447	29,786	31,605	30,658	29,957	32,599

APPENDIX C – NATIONAL ROUNDS PLAYED REPORT





National Golf Rounds Played Report

June 2016

	JUNE	YTD
PACIFIC	-1.1%	-3.2%
CA	-0.6%	-3.1%
Los Angeles	-1.0%	-2.5%
Orange County	4.1%	0.5%
Palm Springs	-11.8%	-2.2%
Sacramento	1.6%	-7.6%
San Diego	5.4%	1.4%
San Francisco/Oakland	-0.1%	-6.7%
HI	6.4%	0.8%
OR	-1.9%	-4.5%
Portland	-1.4%	-6.7%
WA	-3.3%	-3.8%
Seattle	-3.3%	-5.4%
MOUNTAIN	-2.7%	1.0%
AZ	1.2%	3.4%
Phoenix	1.1%	2.3%
CO	7.6%	4.5%
Denver	4.6%	1.3%
ID, WY, MT	-16.0%	-10.2%
NM	4.6%	1.4%
NV	1.8%	2.9%
Las Vegas	1.0%	2.1%
UT	-9.8%	-1.0%
WEST NORTH CENTRAL	6.1%	1.7%
IA	8.4%	4.6%
KS	1.5%	4.8%
NE	0.9%	-4.2%
ND,SD	-10.6%	-15.9%
MN	13.4%	7.6%
Minneapolis/St. Paul	3.5%	2.2%
MO	7.0%	-0.4%
St Louis	13.9%	8.2%
Kansas City	11.8%	5.0%

	JUNE	YTD
UNITED STATES	5.3%	2.7%
PUBLIC ACCESS	5.9%	3.3%
PRIVATE	3.0%	0.4%

	JUNE	YTD
EAST NORTH CENTRAL	5.2%	3.1%
IL	6.9%	5.4%
Chicago	4.8%	4.4%
IN	18.7%	10.7%
MI	-6.9%	-3.4%
Detroit	-4.7%	3.2%
OH	22.0%	12.4%
Cincinnati	17.8%	3.7%
Cleveland	25.1%	17.9%
Columbus	16.9%	16.3%
WI	-8.5%	-10.8%
Milwaukee	1.8%	1.2%

	JUNE	YTD
SOUTH CENTRAL	-1.0%	9.5%
AL	-1.9%	0.6%
Birmingham	-2.9%	14.3%
AR	-5.7%	4.5%
KY	10.1%	10.3%
LA	-4.3%	8.3%
MS	-4.9%	2.6%
OK	1.0%	12.6%
Oklahoma City	-7.8%	1.7%
TN	1.8%	9.6%
Nashville	-1.0%	13.4%
TX	-4.0%	11.7%
Dallas/Ft. Worth	-6.3%	13.3%
Houston	-2.7%	12.3%
San Antonio	4.3%	17.1%

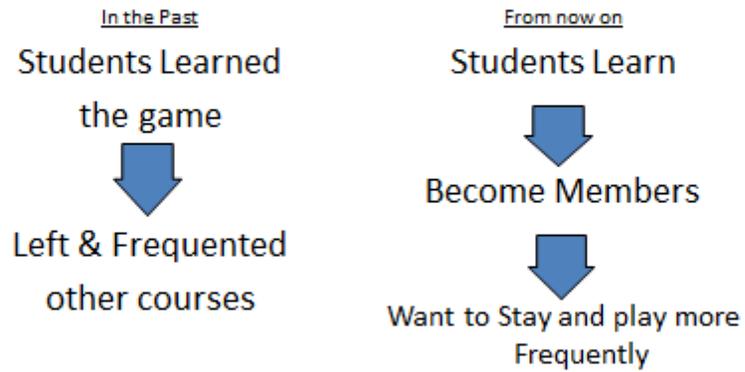
	JUNE	YTD
SOUTH ATLANTIC	2.9%	-1.5%
DE, DC, MD	9.3%	10.8%
Washington/Baltimore	8.9%	9.5%
FL	-2.9%	-7.7%
Jacksonville/Daytona	10.7%	-0.8%
Orlando	-8.4%	-5.9%
Tampa	-8.1%	-13.8%
Palm Beach	-7.7%	-9.5%
Sarasota	-5.5%	-18.2%
Naples/Ft Myers	-10.7%	-5.9%
Miami/Ft.Lauderdale	16.1%	-0.5%
GA	8.4%	11.3%
Atlanta	4.8%	10.7%
NC	2.8%	7.0%
Greensboro/Raleigh	2.4%	9.8%
SC	-0.8%	-3.9%
Charleston	-13.3%	-4.2%
Hilton Head	-4.8%	-1.4%
Myrtle Beach	6.5%	-1.2%
VA	7.1%	6.3%
WV	12.0%	7.0%
MID ATLANTIC	17.8%	12.0%
NJ	7.8%	11.8%
NY	28.2%	15.5%
New York City	15.7%	18.3%
PA	9.7%	8.1%
Philadelphia	-1.7%	2.5%
Pittsburgh	26.1%	21.5%
NEW ENGLAND	21.0%	17.3%
CT	8.9%	9.7%
Hartford	12.3%	12.0%
MA, RI	19.9%	20.4%
Boston	18.4%	23.0%
ME, NH, VT	32.6%	18.1%

The percentages represent the differences in number of rounds played comparing June 2016 to June 2015.
 For more information contact Golf Datatech, golfroundsplayed@golfdatatech.com or call 407-944-4116

APPENDIX D – PLAYER DEVELOPMENT



Focus on New Golfers



Site Opening/Marketing Materials Continued

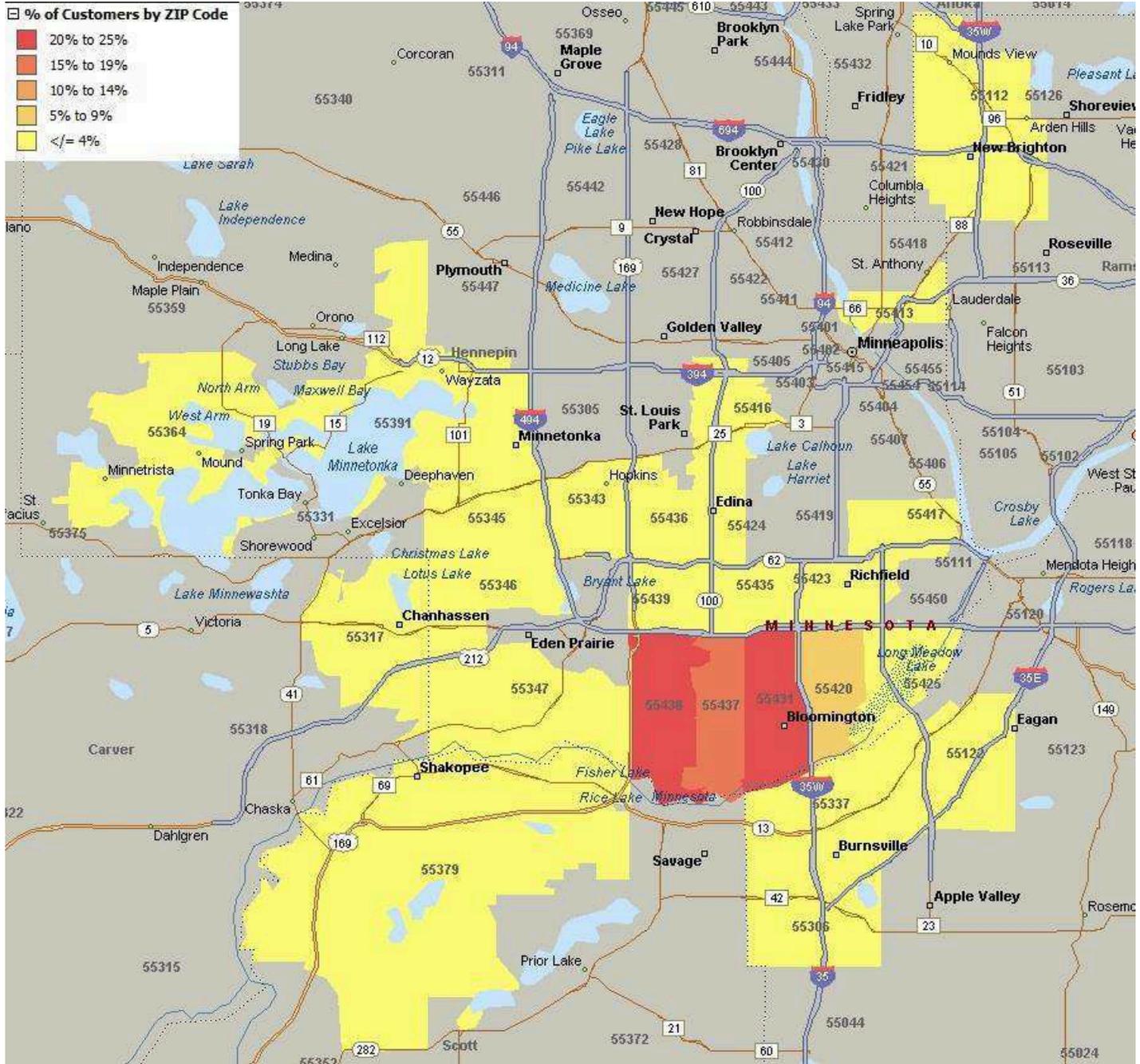


Financial Assumptions...

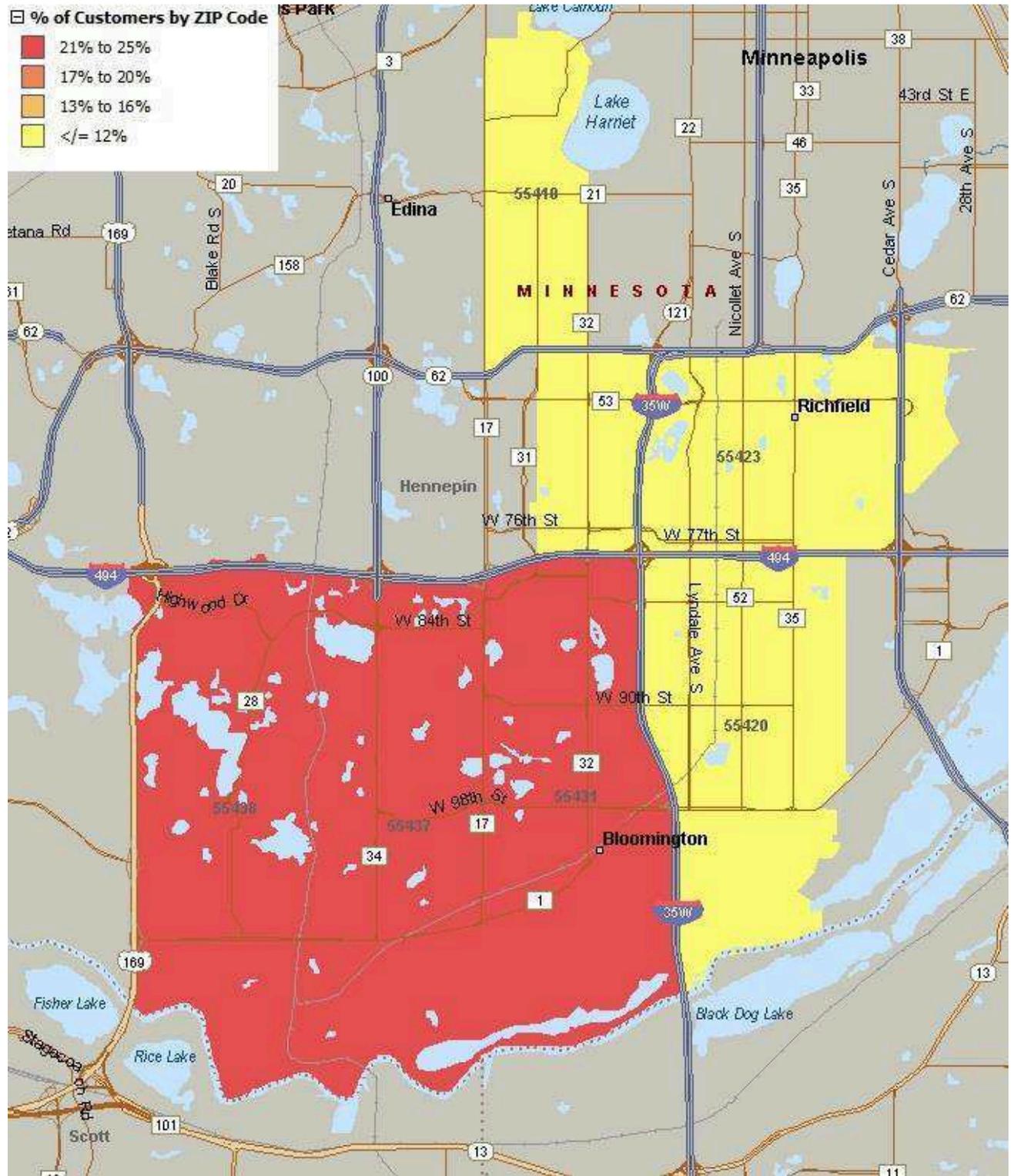
- Create 220 new golfers at \$149 ea. = \$33,000
 - 200 new golfers x 25 rounds = 5,000 rounds to facility
- Get 30 kids in your junior academy at an average cost of \$69 per month for 8-months = \$17,000
- Junior camp revenue--\$12,000
- Private lessons revenue = \$15,000
- Incremental revenue facility will receive from new golfers:
 - Cart Rental
 - Range balls
 - Food & beverage
 - Merchandise sales
 - Other guests green fees...

APPENDIX E – CUSTOMER ORIGIN MAPS

Dwan Golf Club



Hyland Greens Golf & Learning Center



Review of the City of Bloomington's Golf Program

Prepared for
The City of Bloomington

Presented by
Richard Singer
Sr. Director of Consulting Services
National Golf Foundation Consulting, Inc.
(561) 354-1642
rsinger@ngf.org

National Golf Foundation

- Founded 1936
- Golf industry research
- Custom golf facility research and consulting
- Industry leader for municipal golf consulting
- Independence - not advocate for any position other than Bloomington golf success

Purpose of Operations Review

- Provide independent review in consideration of NGF experience and industry best practices
- City goal - maximize economic potential of golf
- Analyze the present physical condition of both golf courses and clubhouses, area market, and direct competition
- Big Picture – facility improvements, alternative operating structure, site alteration considerations and enhanced marketing

Consultant Activities

- Facility tours
- City and golf course staff meetings
- Review of market
- Review of operation practices
- Analysis of historical operating data
- Written report of findings & recommendations
- City Council workshop

City of Bloomington Golf Program

General Impressions / Key Issues

- Both Dwan and Hyland Greens have the basic design features and location to be successful public golf facilities.
- Elements of Bloomington golf facilities are deteriorating and will need new investment to keep the facilities at a high level of condition and functionality
- The basic operational structure and staffing in place for Bloomington golf appears appropriate.
- NGF did not see any form of privatization as clearly leading to improved performance because:
 - You have an experienced, veteran staff with community ties
 - Management contract will cost \$80,000 to \$100,000
 - Concessions just don't work
 - A lease is intriguing, but **only if lease partner brings capital**

General Impressions / Key Issues (contd.)

- Dwan GC is essentially a fixed public golf operation
- Most activity is derived from a market of resident golfers who are active in one (or more) of the many leagues and clubs that frequent the facility
- The fee structure does not offer enough variance, and as a result both Dwan and Hyland Greens can be too expensive in this market for what they are offering at certain times
- Hyland Greens is especially expensive for juniors

City of Bloomington Golf Program

General Impressions / Key Issues (contd.)

- Bloomington golf courses would benefit greatly from enhancements in technology. Modern point-of-sale (POS) systems allow features that directly correlate with economic success:
 - Customer tracking
 - Marketing enhancements
 - Email programs
 - Loyalty programs
 - Integration with online portals
 - Better record –keeping
- Bloomington golf courses are not capable of generating enough income to cover both on-site expenses ***and*** internal overhead and capital projects without continued General Fund (taxpayer) support

City of Bloomington Golf Program

Recent Performance

- Rounds activity declined by 11.9% from 2011 to 2015, with recovery in 2016
- Low average revenue per round - \$24.04, lower than other local comparable facilities
- Internal, Inter-departmental Charge - Bloomington has the highest of the Cities that data could be obtained.
- \$1.74 million in total on-site operating revenue in 2015.
- \$1.84 million in total operating expenses in 2015
- Revenues are not sufficient to cover all on-site expenses, let alone cover inter-departmental charges or capital for future improvement.

Golf Market Overview

- External market not favorable – Golf has not grown and there are a large number of golf courses
- Golf has suffered from recent recession, but interest in the sport remains high.
- Beginner interest in 2015 was an all-time high (over 3.5MM)
- NGF reviewed local muni golf market and found:
 - Operating expense per hole is lowest in Bloomington
 - Other munis about to undergo improvement (Inver Grove Heights and Edina)
 - Minneapolis and St Paul golf no longer enterprise funds

Golf Market Overview – Local

- High golf participation rates that are 50 – 60% higher than the U.S. benchmark
- Dwan and Hyland Greens are the only public golf courses in Bloomington. Ratio analysis shows a comparatively low supply in the local Bloomington area, but closer to oversupply in the broader Twin-Cities metro region
- Changes to other muni courses could be opportunity for Dwan – especially during period when Braemar is closed (open 2018)
- Competitive pressures place constraints on golf fees – most all public golf in this market is below \$60 w/Cart
- Dwan not a good value at \$48 on weekdays for par-68
- Hyland Greens is unique in the market, with only Braemar offering similar amenities

Municipal Golf Trends (2013 NGF Survey; N=250)

- 53% Enterprise Fund; 30% General Fund
- 60% self-operate (13% mgmt. contract; 8% lease)
- 1/3 of Enterprise Funds had negative fund balance
- 1/3 of all facilities had debt (average = \$3.7 MM)
- 70% deferring capital improvements
- 50% have reduced FT staffing
- Average annual transfers (e.g., allocated overhead, charges for services provided) from Golf Enterprise Fund to General Fund were \$120,000 per 18-holes

NGF Major Recommendations to Bloomington

- Move Hyland Greens GC out of the Golf Enterprise Fund and place it in the General Fund.
- Consider modifying the inter-departmental charges
- Enhance technology
- Enhance marketing
- Adjust pricing to broaden the fee structure and include new rates for weekday/ weekend, twilight and juniors
- Renew focus on player development
- Commit to physical enhancements

Physical Enhancement Recommendations

- The NGF identified approximately \$554,000 in capital improvements to the golf courses.
- Upgrade the Dwan GC clubhouse to modify the existing space, add a larger pro shop and improve restrooms (\$200,000).
- Expand the size (length and depth) of the driving range at Hyland Greens, and add lights to the range for night use (if allowable by local guidelines (\$189,000).
- Enhance technology (\$40,000 - \$20,000 each course)

Site Modifications

- The east side of Hyland Greens along Normandale Blvd. could be removed from golf for an alternate use without disrupting Hyland Greens
- Any proceeds should be used to make capital improvements at the courses
- NGF advises against expansion of Dwan GC – due to project expense and a likely low return on investment
- Clubhouses:
 - Dwan can be upgraded in place
 - Hyland Greens likely need to be replaced entirely

Financial Outlook & Conclusion

- If operated in the same basic structure that exists at the club today with some upgrades as recommended by NGF
 - Golf operations could grow enough to generate \$2.0 million in revenue on 65,000 total rounds (starts) by 2019
 - An increase of about 14% over 2015 total rounds, and would still not be enough to cover all defined golf enterprise obligations (including inter-departmental and capital) under the current golf enterprise structure
 - Dwan GC as a single entity would be able to cover all its obligations (including inter-departmental and capital) under this scenario
- Facility upgrades will be necessary to generate the revenue needed in later years to sustain basic “day-to-day” operations

City of Bloomington Golf Program

NGF Summary

- Good quality and are very popular in Bloomington
- Well managed and maintained
- In need of new investment in facilities (improved clubhouse at Dwan and enhanced practice amenities at Hyland Greens)
- Hyland Greens GC should be supported by the City and maintained as a community recreation amenity dedicated to developing new golfers, especially juniors.
- Enhance marketing, especially related to technology (internet, email, social, etc.) and direct selling (tournaments, hotel, non-golf food & beverage)
- Maximize the use of land assets at Hyland Greens GC to allow for new (non-golf) uses of property, with proceeds going to improve the City's golf facilities

Review of the City of Bloomington's Golf Program

Prepared for
The City of Bloomington

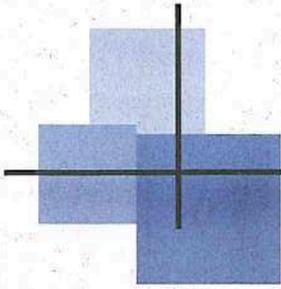
Presented by
Richard Singer
Sr. Director of Consulting Services
National Golf Foundation Consulting, Inc.
(561) 354-1642
rsinger@ngf.org

MARKET RESEARCH CONSULTATION
EAST 10.5 ACRES OF
HYLAND GREENS GOLF COURSE PROPERTY
10100 NORMANDALE BOULEVARD
BLOOMINGTON, MINNESOTA

DATE OF REPORT:
August 29, 2016

PREPARED FOR:
City of Bloomington
1800 Old Shakopee Road West
Bloomington, MN 55431

PREPARED BY:
Patchin Messner Dodd & Brumm
Sunset Pond Executive Offices
13961 West Preserve Boulevard
Burnsville, MN 55337



PATCHIN MESSNER DODD & BRUMM

VALUATION COUNSELORS

August 29, 2016

City of Bloomington
1800 Old Shakopee Road West
Bloomington, MN 55431

ATTN: Mr. Matt Gersemehl, SAMA
City Assessor

RE: Market Research Consultation
East 10.5 Acres of
Hyland Greens Golf Course Property
10100 Normandale Boulevard
Bloomington, Minnesota

Dear Mr. Gersemehl:

At your request, we have investigated and reported market data relative to the above-referenced Hyland Greens Golf Course property. The function of this consultation is to provide valuation guidance to City of Bloomington for assessing the feasibility of marketing the easterly 10.5 acres of the property for sale. Included in this report are summaries of market characteristics and comparable sale data for single-family and multi-family residential land uses proximate to Bloomington.

The subject of this report is the east 10.5 acres of the Hyland Greens Golf Course, located at 10100 Normandale Boulevard, in city of Bloomington. Hyland Greens Golf Course is a community course, owned and operated by the city of Bloomington. The golf course property is further identified as Hennepin County tax parcels 28-116-21-33-0003 and 28-116-21-32-0050. The City of Bloomington is investigating the option of selling the subject 10.5 acres for a category of residential development that will not conflict surrounding land uses. While the subject property has not specifically been appraised, potential sale price estimates have been made for each land use category considered for development on the subject.

Based upon inspections of the property, and after consideration of the factors influencing value, it is the appraisers' opinion that the price ranges for each of the residential land use categories that may be developed on the subject are as follows:

Single-Family Residential	\$150,000 to \$175,000 per Acre
Medium-Density Residential	\$175,000 to \$200,000 per Acre
High-Density Residential	\$14,000 to \$16,000 per Unit

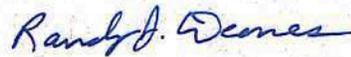
The conclusions are based on the assumptions that right-in/right-out access can be obtained from Normandale Boulevard, and that density requirements are similar to zoning standards of the comparable properties. Additional constraints that may affect price include shape and topography.

This real estate consultation is intended to comply with Standards 4 and 5 of the Uniform Standards of Professional Appraisal Practice (USPAP). This consultation has been made in conformity with accepted professional, ethical and performance standards of real estate appraisal practice. The "Contingent and Limiting Conditions" section of this report should be thoroughly read and understood before relying on any information presented herein.

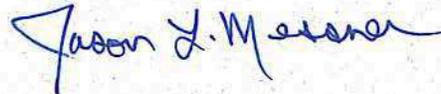
Thank you for allowing our firm to be of assistance in this matter. If you have any questions after reading this report, feel free to contact us at your convenience.

Respectfully submitted,

PATCHIN MESSNER DODD & BRUMM



Randy J. Deones
Certified General Real Property Appraiser
Minnesota License 40264161



Jason L. Messner, MAI
Certified General Real Property Appraiser
Minnesota License 4000836

CERTIFICATION
(Real Estate)

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, un-biased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
4. I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
6. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation.
7. I have made a personal inspection of the property that is the subject of this report from public right-of-way.
8. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. No one provided significant professional assistance to the persons signing this report, except as noted herein.
11. The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
12. This appraisal cannot be completely understood without reading the "Contingent and Limiting Conditions" section of this report, which should be thoroughly read and understood before relying on any information or analysis presented herein.
13. As of the date of this report, Randy J. Deones has completed the Standards and Ethics Education Requirement for Practicing Affiliates of the Appraisal Institute.



Randy J. Deones

8-29-16

Date

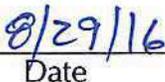
CERTIFICATION
(Real Estate)

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, un-biased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
4. I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
6. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation.
7. I have made a personal inspection of the property that is the subject of this report.
8. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. No one provided significant professional assistance to the persons signing this report, except as noted herein.
11. The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
12. This appraisal cannot be completely understood without reading the "Contingent and Limiting Conditions" section of this report, which should be thoroughly read and understood before relying on any information or analysis presented herein.
13. As of the date of this report, Jason L. Messner has completed the continuing education program requirements for Designated Members of the Appraisal Institute.



Jason L. Messner



Date

SUMMARY OF SALIENT FACTS

Fee Owner:	City of Bloomington
Location:	10100 Normandale Boulevard Bloomington, Minnesota
Date of Consultation:	August 18, 2016
Date of Inspection:	July 13, 2016
Zoning:	R-1, Single-Family Residential District
Guiding:	Public; Adjoining lands are guided for low-density residential, medium-density residential and high-density residential uses.
Site Area:	10.5 Acres
Site Description:	<p>The subject boundary is irregular in shape, as shown on the following aerial photograph. The site is generally open, with scattered mature trees and landscaping. There is a small wetland area of approximately 0.66 acres in the south portion of the site. The north portion of the site slopes upward at a grade of approximately 5%, with minor areas of steep slopes.</p> <p>The site is improved with asphalt cart paths, drive aisles and parking area, fencing, and a former golf driving range building.</p>

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PHOTOGRAPHS OF SUBJECT



Looking South at Subject from North Central Portion



Looking West at Subject from Normandale Boulevard

PHOTOGRAPHS OF SUBJECT



Looking East at South Portion of Subject



Looking North at Subject from Southerly Parking Area

PHOTOGRAPHS OF SUBJECT



Looking North at Subject from Former Golf Driving Range Building



Former Golf Driving Range Building

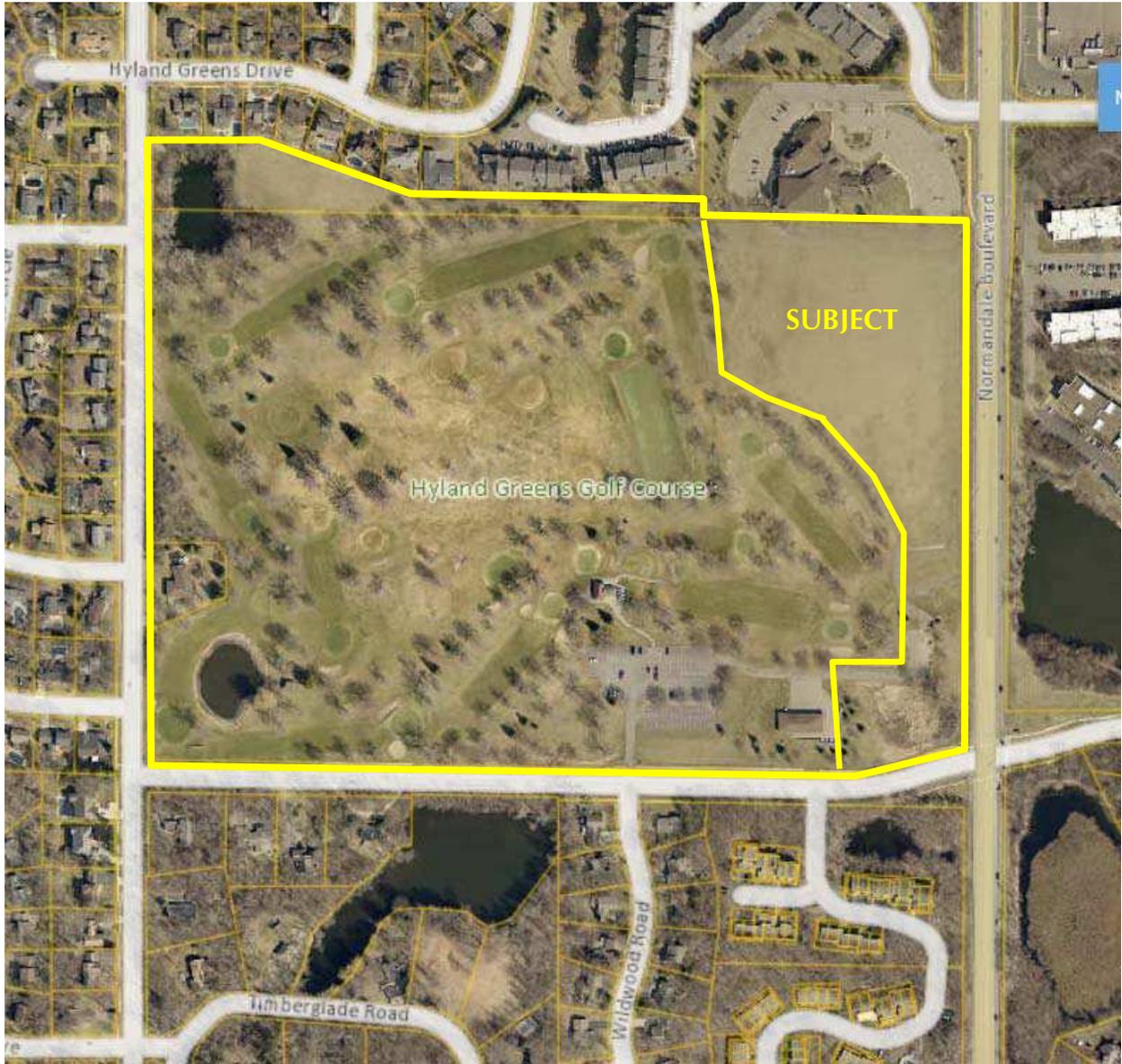
PHOTOGRAPHS OF SUBJECT



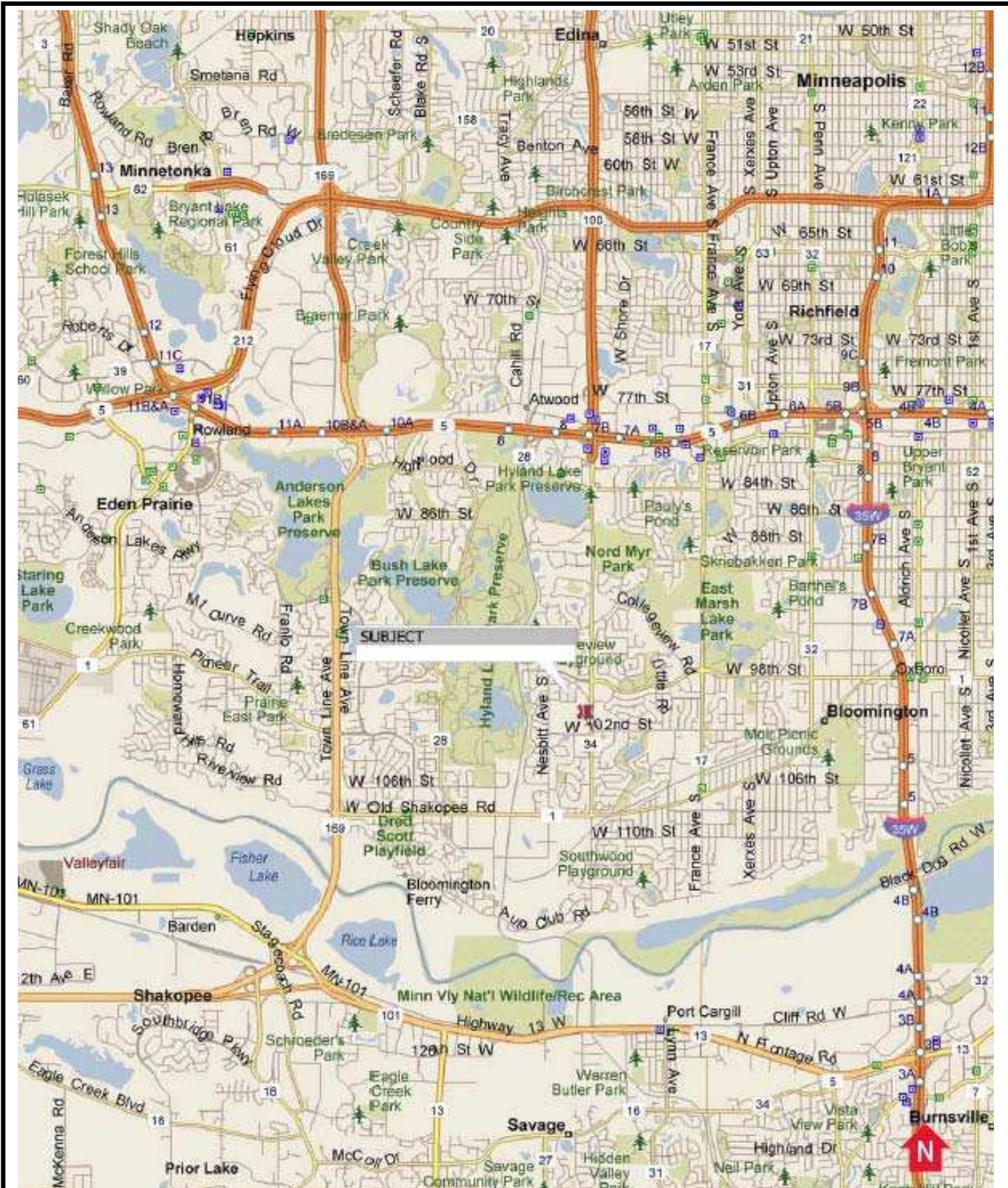
Looking South at Wetland Area in South Portion of Site



Looking Northwest at Subject from Normandale Boulevard



AERIAL VIEW OF SUBJECT



LOCATION MAP

SUBJECT PROPERTY

The subject property is the east 10.5 acres of the Hyland Greens Golf Course, located in city of Bloomington. Hyland Greens Golf Course is a community course, owned and operated by the city of Bloomington, further identified as Hennepin County tax parcel 28-116-21-33-0003 and 28-116-21-32-0050.

DATE OF CONSULTATION

The effective date of this consultation is August 18, 2016.

INSPECTION OF THE PROPERTY

Jason Messner inspected the property on July 13, 2016. Randy Deones subsequently inspected the subject from public right-of-way.

PROPERTY OWNERSHIP

The subject property is owned by the City of Bloomington.

SALES HISTORY

Hennepin County records show there have been no sales of the subject property for the past three years.

INTENDED USE OF CONSULTATION

The function of this consultation is to provide valuation guidance to the City of Bloomington for assessing the feasibility of marketing the subject property for sale.

INTENDED USER

The intended user of this consultation report is the City of Bloomington.

PURPOSE OF CONSULTATION

The purpose of this consultation is to provide a description of the subject property and the surrounding market. Additionally, this consultation includes investigation of competitive residential sales in the market area and estimates of land prices for various residential densities.

COMPETENCY OF APPRAISERS

Jason L. Messner, MAI, and Randy J. Deones have the knowledge and experience to complete this consulting assignment competently and in compliance with USPAP. Refer to the Appraisers' Qualifications in the Addenda of this report for further details.

SCOPE OF WORK

This document is intended to provide a market research consultation, and no market value conclusions have been made. This consultation is intended to comply with the Uniform Standards of Professional Appraisal Practice (USPAP). The data and analyses contained in this report and the appraiser's files provide the basis for the information provided herein.

SCOPE OF WORK

The function of this report is to provide valuation guidance for marketing purposes. In this report, the following data and concepts have been examined.

1. Physical Characteristics of Real Property, including:

Inspection of the Subject – The inspection was conducted in order to gather information about the physical characteristics of the subject that are relevant to the market.

Review of available Aerial Maps

Observation of the Local Market and the Subject's Place within this Market

2. Non-Physical Characteristics of Real Property, including:

Legal Description – The legal description of the entire Hyland Greens Golf Course property was obtained from County Assessor records, and is assumed to be accurate. The previous aerial photograph and subsequent Partial Development: Scenario A map in the Land Description section of this report are sufficient to define the location of the subject 10.5 acres for this consultation.

Existing Road and Utility Easements

Tax and Assessment Data

Zoning and Land Use Data - We have examined zoning and land use data from the City of Bloomington.

3. Observations and Data Concerning the Subject Property's Market and Transactions within this Market:

Sales of Land – In order to gather the comparable sales, we searched our internal files, as well as transaction data on Northstar Multiple Listing Service, eCRV and RediComps.

Observed Supply/Demand Factors of the Market

Financing available within the Market

Perception of the Market as to the Future

ENVIRONMENTAL CONSIDERATIONS

Based upon inspection of the subject property, it is assumed that no environmental concerns such as PCBs, toxic and hazardous soil or ground water contamination exist upon the subject property as of the date of this consultation report. However, the reader is advised that the appraisers are not qualified to perform inspections concerning the existence or absence of environmental concerns.

CITY AND NEIGHBORHOOD DATA

Population

According to the 2010 census, the seven-county metropolitan area had a total population of 2,849,567. Based upon data compiled in the U.S. Census Bureau, the Metropolitan Council reports the following population trends for the city of Bloomington, as well as Hennepin County and the Metropolitan Area.

Population	City of Bloomington	Hennepin County	Seven County Metropolitan Area
2000 Census	85,172	1,116,206	2,642,062
2010 Census	82,893	1,152,425	2,849,567
2015 Estimate*	87,224	1,221,703	3,005,419
2020 Estimate*	86,100	1,255,220	3,127,660
2030 Estimate*	89,400	1,329,580	3,388,950

* Data from the Metropolitan Council's Community Profiles

The metropolitan area grew by 7.85% from 2000 to 2010. This equates to a 0.76% annual compounded growth rate. In comparison, Hennepin County grew by 3.2% between 2000 and 2010. Over the same period, Bloomington's population decreased 2.7%. However, the Metropolitan Council's estimates for 2015 indicate that Bloomington has experienced some recent growth.

CITY AND NEIGHBORHOOD DATA

Households

Based upon data compiled by the U.S. Census Bureau, the Metropolitan Council reports the following household trends for the city of Bloomington, Hennepin County and the Metropolitan Area.

Households	City of Bloomington	Hennepin County	Seven County Metropolitan Area
2000 Census	36,400	456,131	1,021,456
2010 Census	35,905	475,913	1,117,749
2015 Estimate*	37,622	504,178	1,176,655
2020 Estimate*	38,100	528,090	1,256,580
2030 Estimate*	39,700	566,360	1,378,470

* Data from the Metropolitan Council's Community Profiles

The household data indicate that all areas have realized growth between 2000 and 2010, with the one exception being the city of Bloomington. However, growth in the number of households is expected to increase for all areas from 2015 forward. Bloomington is expected to expand the number of households by approximately 1.3% between 2010 and 2020.

Neighborhood

The subject property is located in southern Hennepin County in the city of Bloomington, Minnesota. Bloomington is a largely developed, second-ring suburban community in the Minneapolis/St. Paul Metropolitan Area.

The neighborhood is described as the west-central portion of Bloomington lying north of Old Shakopee Road, south of Interstate 494, and east of the Hyland Lake Park Reserve. The subject's neighborhood is primarily residential in nature. However, the neighborhood includes a variety of residential property types. The area north of the subject is improved with both single-family lots, apartments and a church. East of the subject, across Normandale Boulevard, there are condominiums and apartments. Also, single-family homes and townhouses are developed south of the subject.

CITY AND NEIGHBORHOOD DATA

Neighborhood

While current access to the easterly 10.5 acres is somewhat circuitous via a drive aisle through the golf course property, the subject property has road frontage on Normandale Boulevard along the east boundary. Normandale Boulevard is improved with bituminous street surfacing, concrete curb and gutter, and an in-ground storm sewer system. The street improvements are in good condition. All public utilities are also available to the subject, including municipal water and sanitary sewer.

As noted previously, the subject is the east 10.5 acres of the Hyland Greens Golf Course property. Thus, residents of the subject would have immediate access and view amenities to recreational activities on the golf course. Furthermore, the Hyland Lake Park Reserve is located a short distance to the west.

In conclusion, the subject neighborhood is mostly developed with a mixture of residential land uses, with nearby recreational opportunities. Given the convenient access to Interstate 494 to the north, Interstate 35W to the east and T.H. 169 to the west, Bloomington and the subject neighborhood are anticipated to remain viable into the future. However, growth is likely to be modest as infill lots become available for development, or redevelopment of older improved lots take place.

RESIDENTIAL MARKET

As part of the consultation process, an analysis of the market affecting the subject property is conducted. This analysis helps lead to conclusions concerning the marketability of the subject property and land values for different residential property types. The appraisers analyzed sales and listing data from the Multiple Listing Service (MLS), with search parameters that included single-family residential property within the City of Bloomington.

At the end of August 2016, there are 207 properties listed for sale, as compared to 1,276 closed sales during the previous 12 months. As such, there is roughly a two-month supply of housing available. Furthermore, only 6.5% of sales in 2015 and 2016 were

RESIDENTIAL MARKET

considered distressed sales, which is an improvement over 2014 when 12.4% of all sales were distressed. The average price per finished SF increased by about 4.8% over the past 12 months, as compared to the previous year. Given the above, and considering the decrease in the percentage of distressed sales, the local residential market is strong and will remain a good seller's market in the near-term due to the short supply of inventory.

With regard to the multi-family market, a review of the general metropolitan area is presented. The information in this market analysis is primarily obtained from Cushman & Wakefield's January and July 2016 "The Compass" reports for Minneapolis/St. Paul.

"The Compass" reports the following regarding changes in 2015 and trends for 2016:

Multi-Family

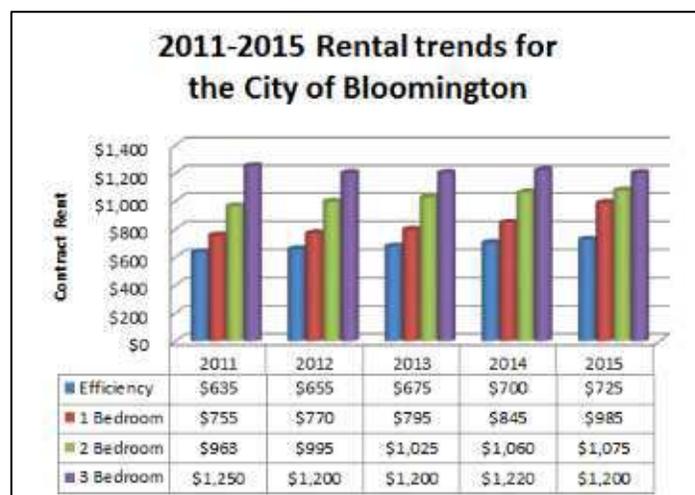
- The apartment market has sustained its low vacancies and strong absorption even amid a flurry of new development. The apartment vacancy rate is 3.2% for the entire metropolitan area. That is a testament to the strong demand in the market, which is all the more notable given the influx of new supply. During the past three years (2013-2015) approximately 10,000 new market-rate units have been completed.
- Rents continue to rise at newly constructed properties, and owners of Class B and C properties are making improvements as they also look for leverage to raise rents. The Twin Cities posted an overall average market rent of \$1,053 as of third-quarter 2015, 4.6% higher than compared to a year ago. There have been some concessions offered at new properties to speed lease-up, which puts year-over-year effective rent growth at 1.0%. However, those concessions have been modest and are disappearing relatively quickly as properties have filled up.
- The top market rents for downtown, luxury high-rise projects, are more than \$2.50 per SF, with some of the smaller units, studios and one-bedrooms, reporting average rents of more than \$2.70 per SF. Stick-built properties in the urban core are asking for an average of around \$2.30 per SF. Existing owners have traditionally been conservative in raising rents. This in-demand market presents considerable opportunity among Class B and Class C properties to make improvements and introduce higher rents.

RESIDENTIAL MARKET

Multi-Family

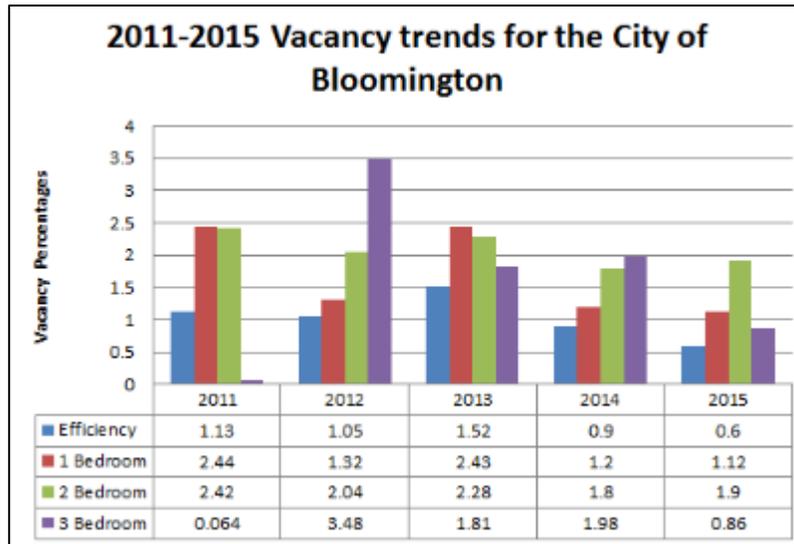
- Development has been focused largely in Downtown Minneapolis where 2,040 units were completed between April 2014 and December 2015. Vacancies did jump up to 9-10% downtown as new projects came on line at once. However, vacancies in that submarket subsequently declined to 4.4% for stabilized properties and 7.0% for all properties, including those projects still undergoing lease-up.
- The number of new developments has been one of the top stories in the multi-family sector in recent years. More than 14,000 market-rate units have been delivered in the past four years. Another 3,900 units are expected to come on line in 2016 with construction likely to taper off slightly in 2017. New projects are filling up fast, including some that are opening their doors at 20% occupancy. However, development has shifted outward into suburbs such as Maple Grove, Woodbury and Edina. In 2014, 25% of construction was suburban compared with 50% in 2015, and it is expected to expand to 60% in 2016.

Each year the Bloomington Housing and Redevelopment Authority also conducts a rental survey to assess the rental housing market in the City of Bloomington. The following information is the result of a citywide mail survey sent and collected during July and August 2015, and represents a snap-shot look at the Bloomington rental market.



RESIDENTIAL MARKET

Multi-Family



The overall vacancy rate in Bloomington is low which indicates a very tight market. A 5% vacancy rate is considered indicative of a healthy market.

TAX AND ASSESSMENT DATA

It is noted that the subject is owned by the City of Bloomington and exempt from property taxation. Therefore, the City of Bloomington Assessor has not established market values for the subject 10.5 acres or the Hyland Greens Golf Course property.

LOCATION AND LEGAL DESCRIPTION

Location: 10100 Normandale Boulevard
Bloomington, Minnesota

Property Identification
Numbers: 28-116-21-33-0003 and 28-116-21-32-0050 (Hyland Greens
Golf Course)

Legal Description: Lot 2, Block 1, Hyland Greens 2nd Addition
Outlot B, Hyland Hills 6th Addition

Legal description of Hyland Greens Golf Course obtained from
Hennepin County Assessor's records.

ZONING

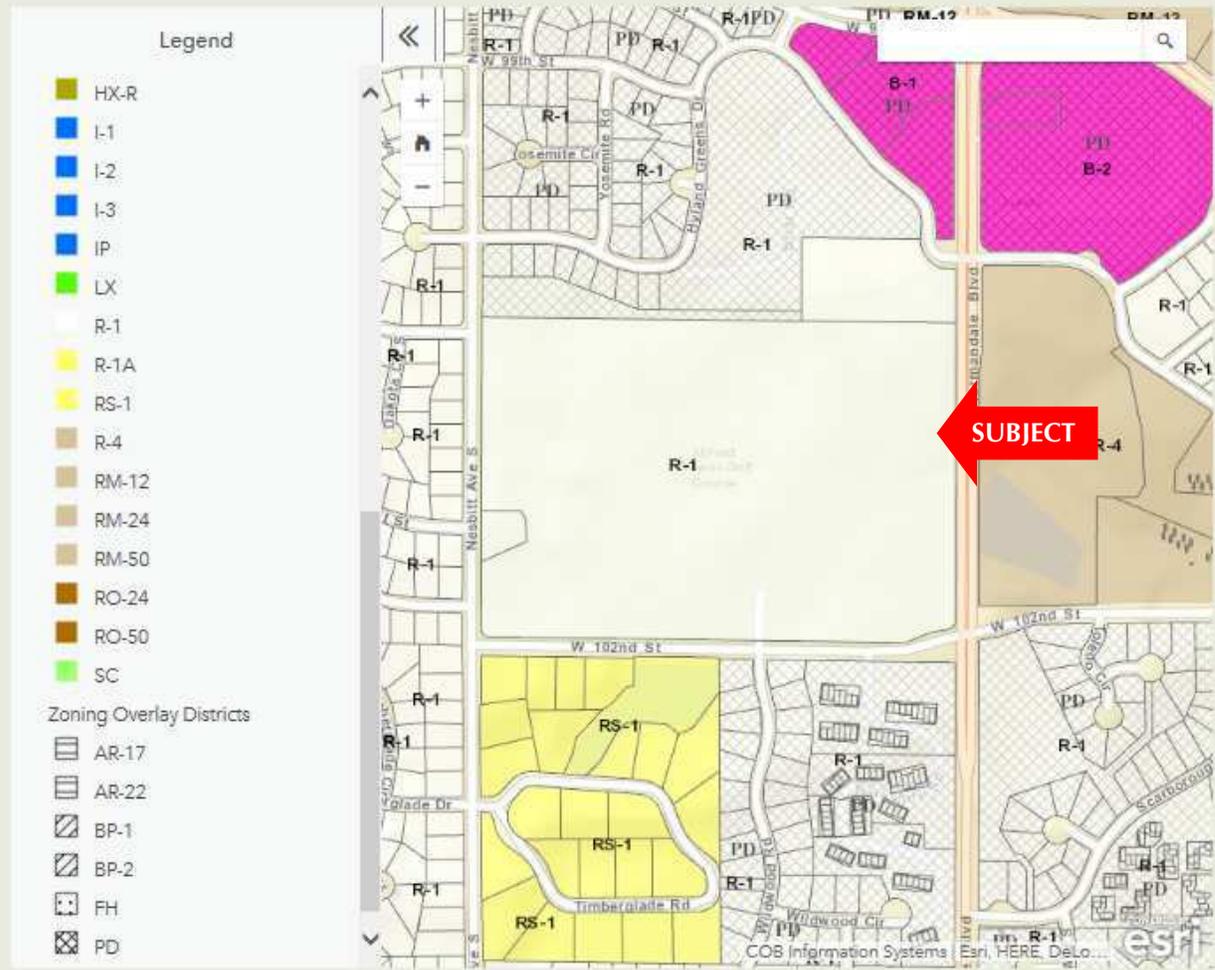
Zoning is administered by the City of Bloomington. As shown on the following zoning and land use maps, the subject is zoned R-1, Single-Family Residential District, and guided for Public use. However, it is noted that zoning for adjoining property includes R-1, Planned Development District and R-4, Multi-Family Residential District to the east of Normandale Boulevard. Furthermore, lands near the subject are guided for low-density residential, medium-density residential and high-density residential land uses.

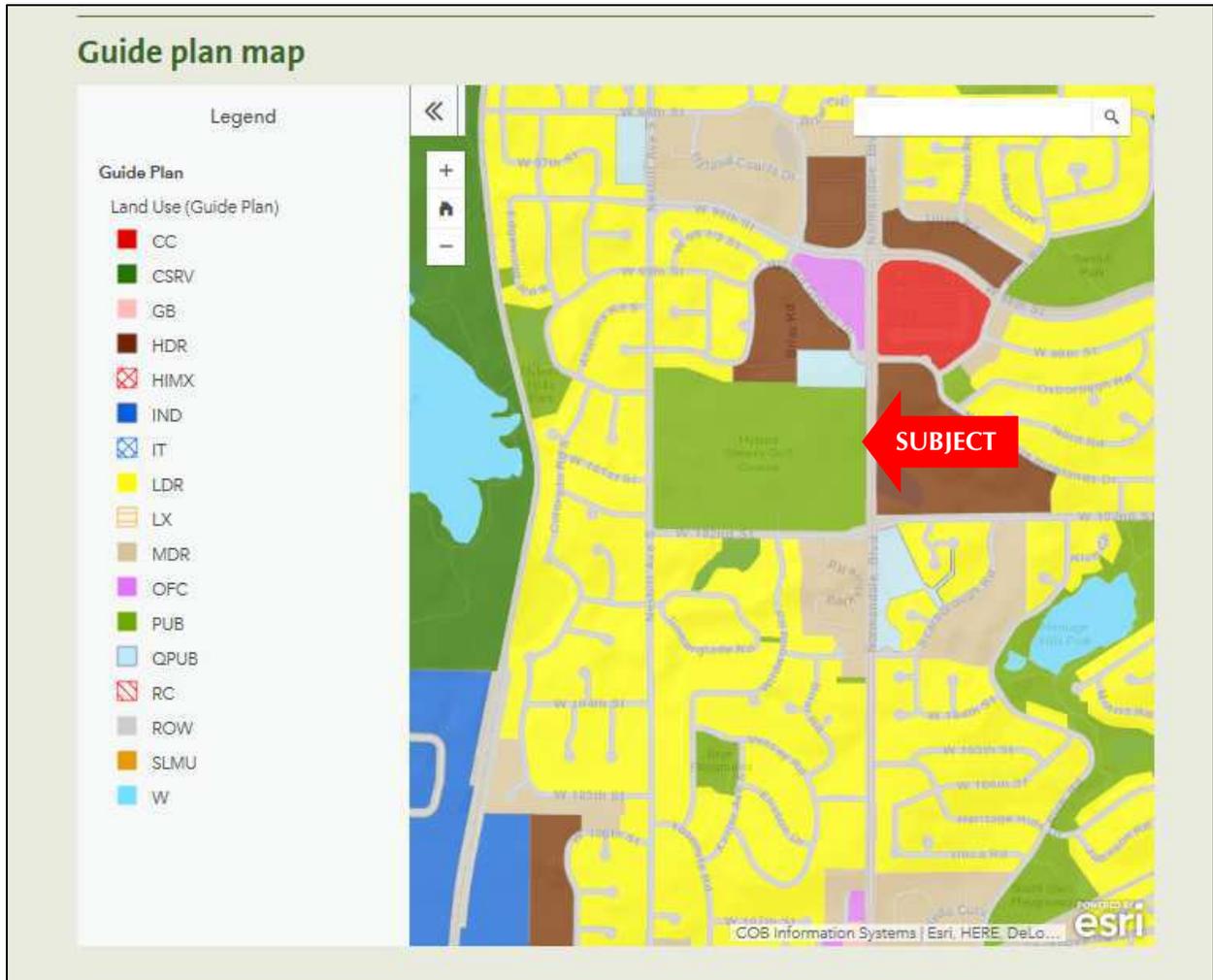
The intent of the R-1 Single-Family District is to serve as the core zoning district for single-family residential uses; allow compatible non-single family residential and institutional uses; and protect natural resources and ensure compatible redevelopment through appropriate development standards. The purpose of the R-4 Multi-Family District is to provide appropriate redevelopment standards in areas already developed as predominantly multiple-family residential uses.

Zoning and guide plan maps

Interactive Zoning Map

This map allows users to identify zoning for specific properties within the City of Bloomington.

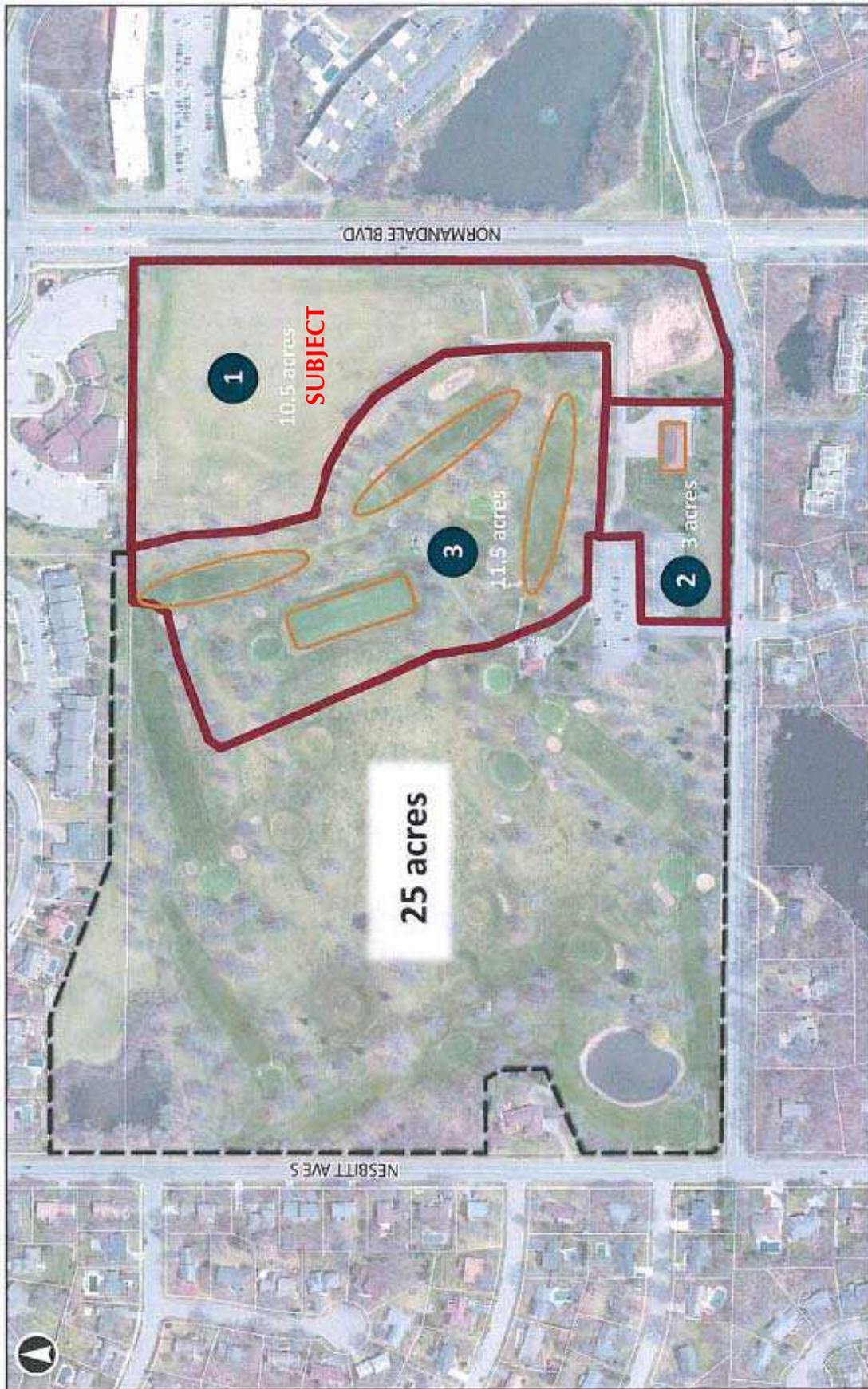




LAND DESCRIPTION

Size:	10.50 acres
Shape:	The subject property is irregular in shape. The subject is identified as Parcel 1 on the following development map provided by the client.
Street Frontage/Access:	<p>The subject has approximately 1,270 feet of frontage on Normandale Boulevard along its easterly boundary, and approximately 320 feet of frontage on 102nd Street West along its south boundary. Traffic volumes for the adjacent roadways are 20,600 AADT (2014), and 3,250 AADT (2013), respectively.</p> <p>The adjoining roadways are improved with bituminous street surfacing with concrete curb and gutter and an in-ground storm sewer system. Currently, access to the subject is only through the adjoining golf course property to the west. The golf course obtains access via one curb cut along 102nd Street West, west of the subject.</p>
Terrain:	The site is generally open, with scattered mature trees and landscaping. There is a small wetland area of approximately 0.66 acres in the south portion of the site. The north portion of the site slopes at a grade of approximately 5%, with minor areas of steep slopes. The north portion of the property is approximately 54 feet higher in elevation than the south portion.
Utilities:	While the subject does not currently utilize public utilities, municipal water and sanitary sewer services are available to the subject.
Flood Hazard:	The property is located in Zone X, areas with minimal flood risk.
	<p>Community Panel Number: 27053C0453E Effective Date: September 2, 2004</p>
Soil Conditions:	The soils appear stable and suitable for typical construction practices. However, neither soils tests nor engineering data have been provided to the appraisers in conjunction with this consultation.

Partial Development: Scenario A



DESCRIPTION OF IMPROVEMENTS

Easements:	While title records have not been provided, the appraisers are not aware of any apparent easements or encumbrances across the subject that would have a deleterious effect on market value.
Building and Site Improvements:	The site is improved with asphalt cart paths, drive aisles and parking area, fencing, and a former golf driving range building.

PROJECT DESCRIPTION

The Bloomington City Council created the Hyland Greens Task Force in 2015 to look at the future of Hyland Greens Golf and Learning Center. The purpose of the Task Force was to evaluate the golf course's current state and explore future usage of the facility. The Task Force recommended that the City further investigate a partial development option. By selling off the eastern portion of the site, a portion of the proceeds could be reinvested in updating the facility.

The City of Bloomington has selected the subject property as one area for development that would still allow for continued golf course operations. Neighboring land uses include single-family residential, townhouse and apartment developments. Therefore, development of the subject with low-density residential, medium-density residential and/or high-density residential uses would be complimentary to surrounding land uses.

LAND USE CATEGORIES

While the subject property has not specifically been appraised, land sales with similar development potential were investigated. The search focused on sales in the southern metropolitan area that closed between January 2014 and July 2016. However, given the low demand for townhome development, the search for medium-density residential sales was expanded to the larger metropolitan area and a few sales from 2013 are included.

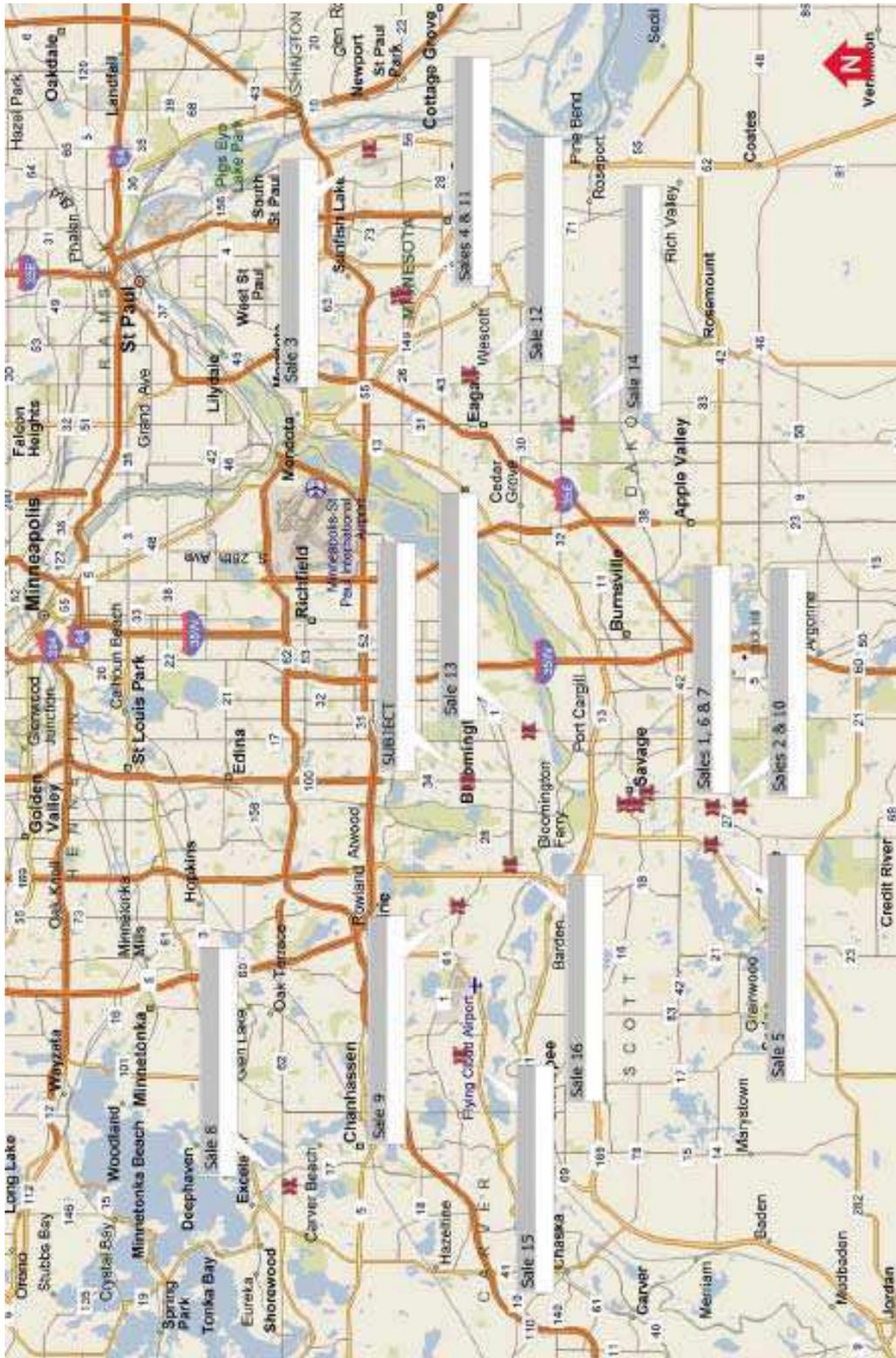
LAND USE CATEGORIES

It is noted that there are a variety of property types within the high-density residential category, i.e., senior housing, assisted-living units, market rate apartments, luxury apartments, low-income or workforce housing. As an element of this consultation assignment, we investigated multi-family and senior housing with both market rate and affordable apartments. Even though the market for rental units has been strong for the past several years, there are not sufficient sales in the subject market to identify land value differences between property types with similar densities. Rather, the market indicates that density potential influences value more strongly than the specific property use. The following summary grid of high-density residential sales indicates that buyers focus on price per unit when negotiating the purchase of development property.

In order to gather the comparable sales, we searched our internal files, as well as transaction data on the Northstar Multiple Listing Service, eCRV and Redicoms. Sales were selected based on comparability to the subject in regards to the intended use of the property. The sales are divided into three categories based on the allowed density or actual density resulting from development. The sales are segregated as follows:

Low-Density Residential	4 Units or Less per Acre
Medium-Density Residential	5 to 10 Units per Acre
High-Density Residential	11 Units or More per Acre

The comparable sales for each category of land use are identified on a location map, followed by a summary grid and a narrative analysis of land prices. The first category presented is low-density residential.



COMPARABLE SALES LOCATION MAP – LOW-DENSITY RESIDENTIAL

Single-Family Residential Land Sales Summary Grid											
Comp. No.	Location (Intended Use)	Buyer Seller	Date of Sale	Acreage	Zoning	Utilities	Sale Price	Spcl Asmnt, Demo Cost, etc.	Total Sale Price	Price Per Acre	Remarks
1	SWC McColi Dr. & Dakota Ave. Savage, MN	CalAtlantic Group, Inc. Karl Bohn	4 / 2016	37.14 AC	PMD	Available	\$3,370,380	\$0	\$3,370,380	\$90,748	Reportedly, this purchase is part of an addition to the 200-home development underway called Providence Ponds.
2	15620 Hampshire Avenue S. Savage, MN	Pulte Homes of Minnesota, LLC John D. Pro, Jay S. & Cindy D. Dittmer Jeffrey D. Petrick	4 / 2016	30.50 AC	R-1	Proximate	\$3,112,500	\$30,000	\$3,142,500	\$103,033	This is the combined sale of three residential parcels. The properties were publicly marketed and each parcel is improved with a single family home. Razing costs are estimated to be \$30,000.
3	xxx 65th Street East Inver Grove Heights, MN Crosby Hills	Eternity Homes, LLC Mary E. Piekarski Trust, u/a/d September 20, 1996 et al.	4 / 2016	5.37 AC	R-1C	Available	\$775,000	\$0	\$775,000	\$144,320	This publicly marketed property has been platted into 23 single-family lots and an outlet. The site was marketed for 160 days. The land is generally open and level, except for a small portion in the northeast corner of the property. Infrastructure costs are expected to be slightly below average due to existing road frontage along the west boundary.
4	South side of 70th St. N. & West of Argenta Trail West, Inver Grove Heights, MN Blackstone Highlands	PeterAndrea Investments, LLC Bernice L. Messerich Trust under Agreement dated August 12, 2003	10 / 2015	14.92 AC	A	Proximate	\$1,065,000	\$5,000	\$1,070,000	\$71,716	This property was not exposed to the open market and was purchased by an adjacent owner. The tract received preliminary plat approval as Blackstone Highlands, a 40-lot, single-family development. The site is improved with some small outbuildings, and razing costs are estimated to be \$5,000. While the land is zoned Agriculture, it is guided for medium density residential.
5	8239 150th Street West Savage, MN Stafford Woods	DR Horton Inc. Minnesota BEAM Properties, LLC	9 / 2015	6.65 AC	PRD	Available	\$750,000	\$20,000	\$770,000	\$115,789	This is a publicly marketed, arm's-length transaction. The site is improved with a single-family home and detached garage. Razing costs are estimated to be \$20,000. An internal subdivision road is stubbed to the west property line for development of this parcel.
6	South of McColi Dr., East of Taylor Dr. Savage, MN Providence First Addition	The Ryland Group, Inc. Bohn Properties Limited Partnership II & Karl Bohn	9 / 2015	66.97 AC	R-2, PMD	Available	\$5,329,620	\$357,000	\$5,686,620	\$84,913	This is the combined sale of two transactions. In spite of the medium density and mixed-use zoning, the Providence First Addition development is comprised of both single-family and twinhome lots. The site was improved with a single-family home and large barn, and razing cost are estimated to be \$20,000. The buyer also assumed the responsibility to pay special assessments of \$337,000.
7	6100 - 138th Street W Savage, MN Connelly Place	Copper Creek Development II, LLC d/b/a Paragon Homes Edith A. Connelly	8 / 2015	6.53 AC	R-1	Available	\$468,000	\$20,000	\$488,000	\$74,732	The property is located adjacent to an electrical substation with a transmission line easement along the northerly portion of the property. The estimated cost for razing the existing house and outbuildings is \$20,000.
8	1510 Lake Lucy Road Chanhassen, MN	Estate Development Corporation Michael W. & Leah R. Glaccum	8 / 2015	2.52 AC	RSF	Proximate	\$300,000	\$110,000	\$410,000	\$162,698	This publicly marketed property has a wetland area encroaching into the northwest portion. Municipal water is available to the property; however, sanitary sewer needed to be extended across the roadway at a reported cost of \$100,000. The site has been divided into four single-family lots. The site was improved with an older residence and detached garage. Razing costs are estimated to be \$10,000.
9	10861 Blossom Road Eden Prairie, MN Blossom Hill	The Pemtom Land Company James M. Wagner & Jane Wagner Weisman as Trustees of the Mary P. Wagner Trust under Agreement dated December 10, 1990	6 / 2015	6.50 AC	R1-22	Available	\$1,500,000	\$0	\$1,500,000	\$230,769	The property has been platted with 12 single-family lots. Infrastructure cost appear to be slightly lower than normal due to existing roadway connections.

Single-Family Residential Land Sales Summary Grid												
Comp. No.	Location (Intended Use)	Buyer Seller	Date of Sale	Acreage	Zoning	Utilities	Sale Price	Spcl Asmnt, Demo Cost, etc.	Total Sale Price	Price Per Acre	Remarks	
10	NEQ CoRd 27 & 154th Street W Savage, MN Tracewater 5th Addition	Trace Water V, LLC Kenneth P. Torborg, et al.	6 / 2015	28.00 AC	R-1, PMD	Available	\$2,312,524	\$0	\$2,312,524	\$82,590	This purchase is the final phase for the Trace Water development in Savage. The sale involved multiple sellers, of which the sale between Tracewater and Kenneth Torborg has three separate closings. The first sale closed in June 2015 for \$700,000. The agent reported that the total sale price is near the asking price of \$2,250,000. The remaining sellers involved the school and City, who are adjoining owners. A portion of land was split from the larger parcels in June 2015 and sold to Tracewater for a total of \$62,524. The final phase of development consists of 62 SFR lots and 22 townhome units. The total sold area is 75.69 acres; however, the majority of the site is wetland only approximately 28.00 acres is considered buildable.	
11	NWQ T.H. 55 & Argenta Trl W Inver Grove Heights, MN Blackstone Vista	The Ryland Group, Inc. Dakota 53 Properties, LP	4 / 2015	53.01 AC	A	Available	\$3,874,325	\$0	\$3,874,325	\$73,087	This is an openly marketed, arm's-length transaction. The property was zoned agriculture and guided medium density residential. The property was developed as Blackstone Vista, a 77-lot SFR development. Ryland also has a pending purchase agreement of a 58.80-acre tract located in the northeast quadrant of Argenta Trail West and 70th Street West in Inver Grove Heights, that has received preliminary plat approval as Blackstone Ridge, a 118-lot SFR development.	
12	1025 Wescott Road Eagan, MN	Wael Z.F. Sakallah Iven I. Dahi	3 / 2015	3.14 AC	A	Proximate	\$290,000	\$10,000	\$300,000	\$95,541	This property is zoned Agricultural District; however, it is guided for low-density residential development. Even so, density potential of this site is substantially limited due to wetland constraints. The site is improved with a single-family home and detached garage. Razing costs are estimated to be \$10,000. The property is 4.84 acres net of right-of-way; however, approximately 1.7 acres of the site are wetland.	
13	3401 Overlook Drive Bloomington, MN	Raptor Properties, LLC Roberta C. Laird, LLC	1 / 2015	17.09 ac	R-1	Proximate	\$2,516,650	\$15,000	\$2,531,650	\$148,136	The site is improved with a single-family home and detached garage. Razing costs are estimated to be \$15,000. The south portion of the site may be undevelopable due to steep slopes and wetland area. However, the sloping topography provides the southerly lots with views of the Minnesota River valley. Reportedly, a 13-lot single-family subdivision known as Dwan Estate, is proposed for the property.	
14	4865 Pilot Knob Road Eagan, MN Stone Run	Norton Homes, LLC Frank Lehmann	12 / 2014	4.05 ac	R-1	Available	\$319,900	\$10,000	\$329,900	\$81,457	The property was listed on the market for one day before the owner accepted a full-price offer. The property was improved with a single-family home; however, the site was purchased for redevelopment, and razing costs are estimated at \$10,000. The property was platted as Stone Run, a seven-lot SFR development.	
15	16895 Beverly Drive Eden Prairie, MN	Pulte Homes of Minnesota, LLC Roger C. & Jean M. Johnson	7 / 2014	4.99 ac	R1-13.5	Available	\$1,375,000	\$135,000	\$1,510,000	\$302,605	This is an arm's-length transaction of a property that was not exposed to the open market. Rather, the buyer is an adjacent owner/developer who approached the seller directly. At the time of sale, the property was improved with a single-family home and outbuilding. Razing costs are estimated to be \$15,000. In addition, the property had an outstanding balance of \$120,000 for special assessments from trunk utilities and road improvements, which was paid by the buyer.	
16	8233 110th Street West Bloomington, MN Rahr Preserve	Gonyea Homes, Inc. Frederick & Jodell Rahr	5 / 2014	11.91 ac	R-1	Available	\$1,475,000	\$10,000	\$1,485,000	\$124,685	The site has been developed as a 15-lot single-family subdivision. There was a small home and several small outbuildings on the site. Razing costs are estimated to be \$10,000. There are several burial mounds on the acreage which had to be left undisturbed. However, the lot configuration was developed in a way that the mounds did not have much impact on the lot yield. The south portion of the subdivision has much bigger lots that face the Minnesota River Valley.	
				9.28 ac	Median				\$99,287			
				18.71 ac	Mean (Average)				\$124,176			

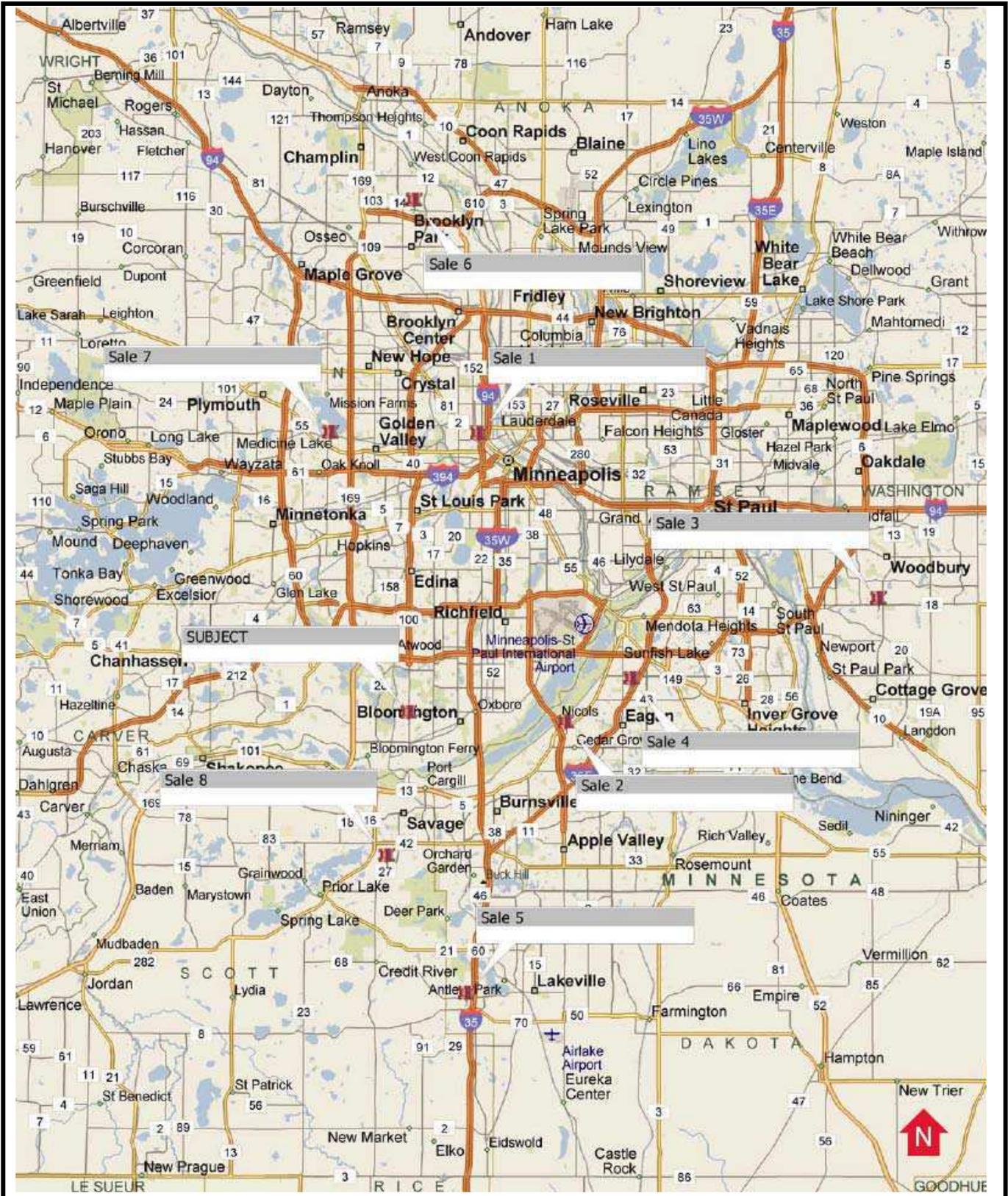
LOW-DENSITY RESIDENTIAL

Analysis

The comparable sales have a range of unadjusted sale prices from \$71,716 per acre to \$302,605 per acre, with a mean price of \$124,176 per acre. However, it is also noted that the average site size is 18.71 acres. While all of the comparable sales are considered useful in this analysis, Comparables 9, 13 and 16 are closest to the subject. These three sales range from \$124,685 per acre to \$230,769 per acre with an average of \$167,863 per acre. Even so, Comparable 16 is the second highest indicator in this sample of 16 sales, and somewhat of an outlier. Furthermore, Comparable 16 benefitted from existing roadway connections that may have reduced infrastructure costs slightly. As a result, Comparable 16 may overstate the average price of single-family development land.

Based on this data, and giving more weight to the closest sales, the appraisers conclude that land with single-family residential development potential at the subject's location should yield a price of \$150,000 to \$175,000 per acre.

Next, medium-density residential land sales are identified on a location map, followed by a summary grid and a narrative analysis of land prices.



COMPARABLE SALES LOCATION MAP – MEDIUM-DENSITY RESIDENTIAL

Medium-Density Land Sales Summary Grid

Comp No.	Location (Intended Use)	Buyer Seller	Date of Sale	Acreage	Zoning	Units	Density Units/Ac.	Utilities	Sale Price	Spcl Asmnt, Demo Cost, etc.	Total Sale Price	Price Per Acre	Price Per Unit	Remarks
1	1031 Aldrich Avenue North Minneapolis, MN (Townhomes)	Twin Cities Habitat for Humanity, Inc. Thor Construction, Inc.	6 / 2015	0.20 ac	R4	5	25	Available	\$75,000	\$0	\$75,000	\$375,000	\$15,000	This sale is five platted townhome lots. Thus, the density shown here is not representative of the entire development.
2	xxx Cedar Grove Parkway Eagan, MN (Cedar Grove Townhomes)	The Ryland Group, Inc. City of Eagan	3 / 2015	5.25 ac	PD, CGD	51	10	Available	\$900,000	\$0	\$900,000	\$171,429	\$17,647	This transaction is the sale of four parcels owned by the City of Eagan. The parcels formed two separate tracts, platted as Cedar Grove Townhomes 1st Addition and 2nd Addition. Combined, 51 units were approved within both plats.
3	7595 Bailey Road Woodbury, MN (Unspecified)	St. Therese of Woodbury, LLC Wayne O. Schilling, et al.	9 / 2014	16.42 ac	R-4 & R-1		10	Proximate	\$2,216,700	\$1,675,271	\$3,891,971	\$237,026		This is a marketed sale. The site is guided urban village and low density residential. Reportedly, the buyer was responsible for \$1,675,271 in unpaid assessments. The site was combined with additional property to the east for development of market rate apartments, senior and assisted living, as well as commercial uses. Density for the entire 147-acre project is 9.8 units/acre.
4	1319 Jurdy Road Eagan, MN (Townhomes)	Lakeshore Workforce Housing, LP Dakota County CDA	6 / 2014	5.75 ac	PD	50	9	Available	\$1,500,000	\$0	\$1,500,000	\$260,870	\$30,000	This is a related party sale between government entities. The developable portion of the site is 5.75 acres. The remaining 18.5 was conveyed to the City for park space. The 50-unit development is named Lakeshore Townhomes. The price was based on an appraisal dated June 2012.
5	207th Street Lakeville, MN (Townhomes)	Dakota County CDA Morgan Square, LLC	6 / 2014	5.01 ac	C3	36	7	Available	\$700,000	\$0	\$700,000	\$139,721	\$19,444	This is a marketed property where the buyer paid for an appraisal. However, the purchase agreement was signed in January 2009.
6	SWC Oak Grove Parkway North & Regent Ave. North, Brooklyn Park, MN	Summit Land Development, LLC Sugar Management, LLC	1 / 2014	5.36 ac	TC	46	9	Available	\$221,040	\$0	\$221,040	\$41,239	\$4,805	This is a publicly marketed property. The site was advertised as zoned for medium-density development with entitlements in place.
7	10900 South Shore Drive Plymouth, MN (Condominiums)	Smart Living, LLC Lorelei A. Davis	11 / 2013	0.93 ac	RMF-4	9	10	Available	\$275,000	\$8,000	\$283,000	\$304,301	\$31,444	At the time of sale, the property was improved with a 2-story, single-family residence; however, the site was marketed for multi-family development and the buyer razed the home. According to the selling agent, \$8,000 was estimated for razing the home. The buyer planned for a 9-unit condominium complex.
8	7460 150th Street West Savage, MN (Townhomes)	Robert A. Storm Steven T. & Colleen O'Donnell Roess	5 / 2013	1.84 ac	R-2	8	4	Available	\$97,300	\$0	\$97,300	\$52,680	\$12,163	This is a publicly marketed property. The buyer was looking for a site to relocate a single-family home. However, the property is guided medium density and the property was previously platted for nine townhome lots. The buyer subsequently revised the number of units to eight.
				5.13 ac			9.5				Median	\$139,721		
				5.10 ac			10.5				Mean (Average)	\$197,808		

MEDIUM-DENSITY RESIDENTIAL

Analysis

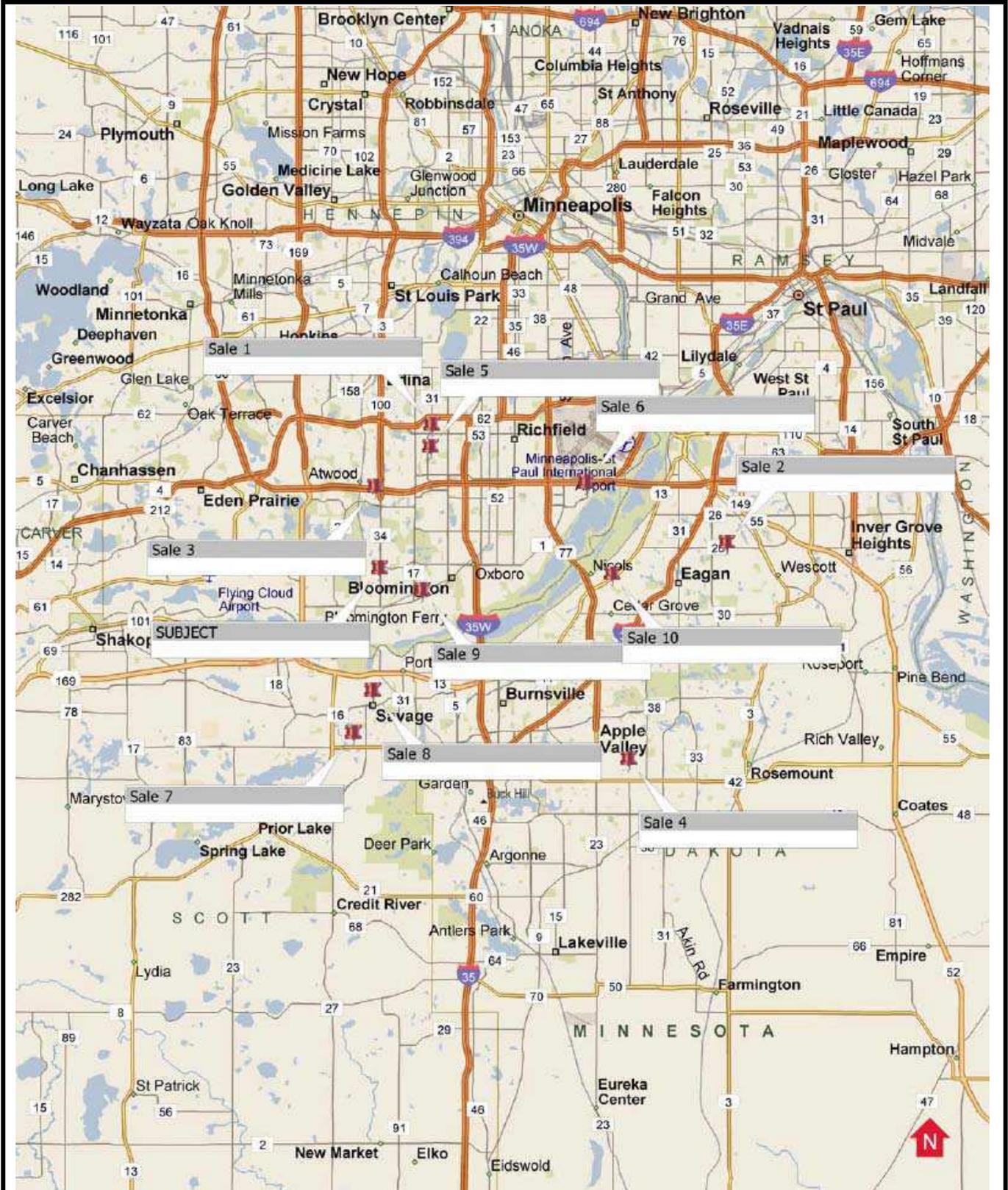
The comparable medium-density residential sales have a range of unadjusted sale prices from \$41,239 per acre to \$375,000 per acre, with a mean price of \$197,808 per acre. This large range of prices is indicative of the townhome market in the Twin Cities Metropolitan Area. Prices vary widely depending on specific site characteristics and community demand.

Prior to the recession, townhome properties were highly valued with extensive construction projects underway. As a result, there was a large supply of townhomes on the market when the recession began. Since that time, townhome developers have been very tentative to re-enter the market. As noted by the lack of sales over the greater metropolitan area, development in medium-density residential category has been sporadic.

Excluding the two high indicators which are small tracts of land and the two low indicators which are more outlying locations than the subject, the remaining four sales have a range in price from \$139,721 per acre to \$237,026 per acre, with an average of \$202,262 per acre. However, the sale price for Comparable 5 was negotiated in 2009. As such, Comparable 5 likely understates the average price of medium-density residential land. Alternatively, Comparable 2 is given the most weight. Comparable 2 was purchased by a private developer solely for townhouse development.

Based on this data, and giving the most weight to Comparable 2 and supporting weight to Comparables 3, 4, and 5, the appraisers conclude that land with medium-density residential development potential at the subject's location should yield a price of \$175,000 to \$200,000 per acre.

Lastly, high-density residential land sales are identified on a location map, followed by a summary grid and a narrative analysis of land prices.



COMPARABLE SALES LOCATION MAP – HIGH-DENSITY RESIDENTIAL

High-Density Land Sales Summary Grid														
Comp No.	Location (Intended Use)	Buyer Seller	Date of Sale	Acreage	Zoning	Units	Density Units/Ac.	Utilities	Sale Price	Spcl Asmnt, Demo Cost, etc.	Total Sale Price	Price Per Acre	Price Per Unit	Remarks
1	3200 Southdale Circle Edina, MN (Multi-Family Luxury Apartments)	KM2 Development, LLC Richard M. Schulze & Maureen Green Schulze	8 / 2016	1.77 ac	PCD-3	210	119	Available	\$4,500,000	\$50,000	\$4,550,000	\$2,570,621	\$21,667	Based on the Certificate of Real Estate Value, this is a publicly marketed property. This site is improved with a Best Buy store that will be razed by the buyer, for construction of a six-story, 210-unit, luxury apartment complex. Razing costs are estimated to be \$50,000.
2	1000 Station Trail Eagan, MN (Multi-Family Senior Living)	Stonehaven Senior Housing Owner, LLC U.S. Home Corporation	1 / 2016	3.57 ac	PD	138	39	Available	\$1,150,000	\$0	\$1,150,000	\$322,129	\$8,333	Based on the Certificate of Real Estate Value, this is a publicly marketed property. The site is sloping and requires extraordinary site preparation to facilitate development. The property is being developed with a four-story, 138-unit senior housing facility known as Stonehaven Senior Living.
3	8101 Normandale Lake Boulevard Bloomington, MN (Multi-Family Apartment)	Invest Bloomington I, LLC Duke Realty Limited	10 / 2015	2.59 ac	C-4, PD	179	69	Available	\$2,098,000	\$0	\$2,098,000	\$810,039	\$11,721	The site did not have full entitlements at the time of the purchase agreement. The property was developed with a five-story, 179 unit apartment building with two levels of below grade parking. The development required complex title work and easement documents.
4	NWC 147th St. W. & Flagstaff Ave. Apple Valley, MN (Townhomes)	Continental 313 Fund, LLC Palm Realty, Inc. & Profinium, Inc.	5 / 2015	20.24 ac	PD-646	280	14	Available	\$3,242,000	\$0	\$3,242,000	\$160,178	\$11,579	This is the combined sale of two parcels from two different sellers. The parcels have been combined as the "Springs at Apple Valley".
5	7141 York Avenue South Edina, MN (Multi-Family Senior Living)	Continental Gardens Senior Living, LLC MDR Real Estate Holdings II, LLC	4 / 2015	1.76 ac	PSR-4	96	55	Available	\$1,000,000	\$0	\$1,000,000	\$568,182	\$10,417	Plans are for a four-story, 96-unit, senior apartment complex with 30 memory care units.
6	8001 33rd Avenue South Bloomington, MN (Multi-Family Apartment)	LMC Bloomington Holdings, LLC Port Authority of the City of Bloomington	12 / 2014	4.84 ac	HX-R, PD	394	81	Available	\$7,273,000	\$0	\$7,273,000	\$1,502,686	\$18,459	This site to be developed with a 394-unit apartment building named the IndiGO. The transaction is part of a development agreement with McGough involving the South Loop TIF District. Lennar multifamily agreed to pay \$7,273,000 (\$18,459/unit for the land). As part of the TIF financing, the Port Authority did a land write down of \$4,150,000.
7	14084 Allen Boulevard Savage, MN (Multi-Family Apartment)	Continental 298 Fund, LLC Sharon Allen, et al.	5 / 2014	20.20 ac	PMD	288	14	Available	\$4,142,033	\$0	\$4,142,033	\$205,051	\$14,382	This is an openly-marketed, arm's-length transaction. The site is being developed as a 14-building, 288-unit apartment community. Surrounding land uses include single-family residential, a medical clinic, and other service commercial and retail commercial uses.
8	McQuiston Court Savage, MN (Multi-Family Senior Living)	Cherrywood Pointe of Savage, LLC Karl Bohn	4 / 2014	4.99 ac	PMD	123	25	Available	\$815,000	\$144,000	\$959,000	\$192,184	\$7,797	The property was not openly marketed and involved the buyer approaching the seller for development of a 123-unit assisted living facility. In addition to the sale price, the buyer paid approximately \$144,000 for special assessments. The seller opined the total sale price was market value. The northern portion of the property is sloping and required extraordinary site preparation cost to facilitate development. The site overlooks the Minnesota River Valley.
9	10650 Beard Avenue South Bloomington, MN (Multi-Family Senior Living)	United Properties Residential, LLC Mount Hope Lutheran Church	4 / 2014	3.51 ac	RM-24(PD)	77	22	Available	\$1,000,000 \$1,300,000	\$0 \$0	\$1,000,000 \$1,300,000	\$284,900 \$370,370	\$12,987 \$16,883	The seller subdivided the property and sold 3.51 acres for a senior housing facility. The buyer has since constructed a 77-unit co-op that was completed in 2015. In addition to the purchase price, the seller will receive a percentage of the profits, up to \$300,000.
10	3825 Cedar Grove Parkway Eagan, MN (Mixed-Use, Commercial & Multi-Family Apt.)	The Flats at Cedar Grove, LLC Eagan Economic Development Authority	1 / 2014	4.81 ac	PD, CGD	192	40	Available	\$1,809,000	\$0	\$1,809,000	\$376,091	\$9,422	This property was publicly marketed and an appraisal was completed in conjunction with the sale. The property is located in a redeveloping area of Eagan, proximate to the Twin Cities Premium Outlets. The site has been developed with a four-story building that includes 192 apartment units and approximately 13,000 SF of retail space.
				4.19 ac					Median		\$370,370	\$11,721		
				6.83 ac					Mean (Average)		\$669,312	\$13,059		

HIGH-DENSITY RESIDENTIAL

Analysis

Unlike townhome development, multi-family housing has been in high demand during and after the recession. Rental rates have been increasing across most housing types and vacancy rates remain near historic lows. As noted in the Residential Market section of this report, vacancy rates in Bloomington were below 2% in 2015, with expectations that vacancy rates will remain low for the near term.

The comparable high-density residential sales have a range of unadjusted sale prices from \$160,178 per acre to over \$1.5 million per acre. Alternatively, the prices range from \$7,797 per unit to \$21,667 per unit, with an average of \$13,066 per unit. The wide range of prices per acre demonstrates that most market participants evaluate high-density residential land based on potential density yield rather than on a per acre basis.

Comparables 3, 6, and 9 are located in the City of Bloomington, similar to the subject. The average price of these three sales is \$15,688 per unit. More weight is given to these sales. However, two of these sales are very close to Interstate 494 providing superior access to regional transportation routes. Even so, the indicated price of Comparable 9, which is located more distant from the freeway, is higher than the average price per unit. The remaining sales are given supporting weight.

Based on this data, the appraisers conclude that land with high-density residential development potential at the subject's location should yield a price of \$14,000 to \$16,000 per unit. This conclusion equates to a price range of roughly \$250,000 per acre to \$350,000 per acre, based on a proposed density of 18-22 units per acre.

ADDENDA

CONTINGENT AND LIMITING CONDITIONS

(Pages 29-31)

CONTINGENT AND LIMITING CONDITIONS

The value estimates and conclusions in the appraisal are made subject to these assumptions and conditions:

1. No title search has been made and the reader should consult an appropriate attorney or title insurance company for accurate ownership data. Title to the property is assumed to be good and marketable unless otherwise stated.
2. The legal description, furnished or otherwise, is assumed to be correct. No responsibility is assumed for the legal description or for matters including legal or title considerations.
3. The information contained in this report is not guaranteed, but it has been gathered from reliable sources. The appraiser(s) certify that, to the best of their knowledge and belief, the statements, information and materials contained in the appraisal are correct.
4. All value estimates in this report assume stable soil and any necessary soil corrections are to be made at the seller's expense, unless otherwise noted.
5. The site plan, if any, in this report is included to assist the reader in visualizing the property, but we assume no responsibility for its accuracy.
6. The market value herein assigned is based on conditions, which were applicable as of the effective date of appraisal, unless otherwise noted.
7. The appraiser(s) that signed this report shall not be required to prepare for, or appear in court, or before any board or governmental body by the reason of the completion of this assignment without predetermined arrangements and agreements.
8. Surveys, plans and sketches may have been provided in this report. They may not be complete or be drawn exactly to scale.
9. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person, other than the party to whom it is addressed, without the written consent of the appraiser, and in any event only with properly written qualification and only in its entirety.
10. Information in the appraisal relating to comparable market data is more fully documented in the confidential file in the office of the appraiser.

CONTINGENT AND LIMITING CONDITIONS

(Continued)

11. All studies and field notes will be secured in our files for future reference.
12. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a non-conformity has been stated, defined and considered in the appraisal report. And, it is assumed that the utilization of the land and any improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted within the report.
13. The distribution of the total valuation in this report between land and any improvements, if stated, applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used.
14. It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless non-compliance is stated, defined and considered in the appraisal report.
15. The appraiser was not aware of the presence of soil contamination on the subject property, unless otherwise noted in this appraisal report. The effect upon market value, due to contamination was not considered in this appraisal, unless otherwise stated.
16. The appraiser was not aware of the presence of asbestos or other toxic contaminants in any building(s) located on the site, unless otherwise noted in this report. The effect upon market value, due to contamination was not considered in this appraisal, unless otherwise stated.
17. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
18. The value stated in this report is fee simple, assuming responsible ownership and management, unless otherwise indicated. This appraisal recognizes that available financing is a major consideration by typical purchasers of real estate in the market, and the appraisal assumes that financing is or was made available to purchasers of property described herein.

CONTINGENT AND LIMITING CONDITIONS

(Continued)

19. The appraiser has neither present nor contemplated interest in the property appraised and employment is not contingent upon the value reported.
20. Unless otherwise stated in this report, the appraisers have not made a survey or analysis to determine whether any buildings on the property are in compliance with "The Americans with Disabilities Act" (ADA). If the property is not in compliance with the ADA, it could have a negative effect on the value of the property.
21. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.

APPRAISER QUALIFICATIONS

(Pages 33-35)

QUALIFICATIONS OF

RANDY J. DEONES

PROFESSIONAL AFFILIATIONS

Practicing Affiliate, Appraisal Institute, December 2011
Minnesota Certified General Real Property Appraiser, License No. 40264161

BUSINESS EXPERIENCE

Patchin Messner Dodd & Brumm, June 2011 to Present
Licensed Oregon Real Estate Broker, 2008 to 2011
Land Developer, Self-employed, 2003 – Present
Metron & Associates - Licensed Land Surveyor, Washington State; License No. 35970 1995-2005

EDUCATIONAL WORK

Bachelor of Science Degree in Resource Management, University of Wisconsin, graduated 1988

SPECIALIZED REAL ESTATE TRAINING

General Appraiser Income Approach - 2013
General Appraiser Market Analysis and Highest and Best Use - 2012
Statistics Modeling and Finance – 2012
General Appraiser Sales Comparison Approach – 2012
Business Practices and Ethics - 2012
Basic Appraisal Principles - 2011
Basic Appraisal Procedures – 2011
2010-2011 National USPAP
Oregon State and Federal Real Estate Broker Exam - 2009
Oregon Registered Appraisal Assistant Qualification – 2008
Wetland Soils Course, Everett Community College - 1998

SEMINARS ATTENDED:

L.S.A.W. Conferences 1995-2005
Real Estate Broker, Continuing Education
1031 Exchanges
Legal Lot Status
Tax Planning
Investment Evaluation

APPRAISAL EXPERIENCE

Preparation of appraisals for condemnation, estate planning, property tax appeal, acquisition/disposal and special benefit purposes. Properties appraised include historic building, office buildings industrial properties, retail properties, and development land. Specialize in litigation valuation of development land and commercial, industrial and investment properties.

APPRAISAL CLIENTS INCLUDE

100 University Family Limited Partnership	Iverson Reuvers
Assured Financial, LLC	Leonard, Street and Deinard
Campbell, Knutson, P.A.	Ramsey County
Carver County	Scott County Public Works
Chisago County Public Works	Siegel Brill
Dakota County	Sjoberg & Tebelius
Great River Energy	SRF Consulting Group, Inc.
Estate of Lawrence An-Shih-Liu	Walmart Realty
Felhaber Larson Fenlon & Vogt	Washington County
Hennepin County	

Cities: Burnsville, Carver, Chanhassen, Chaska, Eden Prairie, Farmington, Lino Lakes, Rosemount, Victoria

QUALIFICATIONS OF

JASON L. MESSNER

PROFESSIONAL AFFILIATIONS

MAI Member, Appraisal Institute

Certified General Real Property, State of Minnesota, License No. 4000836
Member, Minneapolis Area Association of Realtors
Member (No. 6591), International Right of Way Association

BUSINESS EXPERIENCE

Patchin Messner Dodd & Brumm, President/Principal, 2001 to Present
Patchin Messner Appraisals, Inc., Principal, 1995 to 2000
Peter J. Patchin & Associates, Inc., Associate Appraiser, 1986-1994
Century 21 Granite City Real Estate, Residential Salesperson, 1985

EDUCATIONAL BACKGROUND

Bachelor of Science Degree, St. Cloud State University, majored in Real Estate, graduated Magna Cum Laude, 1986
Associate in Arts Degree in Business Administration, Willmar Community College, graduated with honors, 1984

SPECIALIZED REAL ESTATE TRAINING

Basic Valuation Procedures, American Institute of Real Estate Appraisers, 1986
Real Estate Appraisal Principles American Institute of Real Estate Appraiser, 1986
Capitalization Theory and Techniques (Part A), A.I.R.E.A., Minneapolis, MN, 1987
Standards of Professional Practice, A.I.R.E.A., Minneapolis, MN, 1988; Appraisal Institute, Minneapolis, MN, 1994
Capitalization Theory and Techniques (Part B), A.I.R.E.A., Minneapolis, MN, 1989
Case Studies in Real Estate Valuation, American Institute of Real Estate Appraisers, Mpls., MN, 1990
Report Writing & Valuation Analysis, Appraisal Institute, Minneapolis, MN, 1991

SEMINARS ATTENDED

Appraisal Institute

Income Property Valuation for the 1990s
Condemnation: Legal Rules and Appraisal Practices
Special-Purpose Properties: The Challenges of Real Estate Appraising in Limited Markets
New Industrial Valuation
The Road Less Traveled: Special Purpose Properties
National Uniform Standards of Professional Appraisal Practice Update
The Appraiser as Expert Witness
The Appraisal of Local Retail Properties
Valuation of Detrimental Conditions in Real Estate
Analyzing Distressed Real Estate
Uniform Appraisal Standards for Federal Land Acquisitions (Yellow Book)
Valuation of Donated Real Estate, including Conservation Easements

Minnesota Institute of Legal Education

Hazardous Waste Litigation
Eminent Domain
Property Tax Appeals

APPRAISAL EXPERIENCE

Preparation of appraisals for condemnation, tax appeal, litigation, financing, debt restructuring, acquisition/disposal, and special assessment appeal. Properties appraised include: office buildings, warehouses, service stations, manufacturing plants, medical and veterinary clinics, shopping centers, restaurants, apartment buildings, subsidized housing, research and redevelopment buildings, grain elevators, flour mills, special-purpose properties, lands, air rights, avigation easements, utility easements, highway easements, and environmentally impaired properties. Specialize in litigation valuation of commercial, industrial, development land and investment properties.

QUALIFICATIONS OF

JASON L. MESSNER (CONTINUED)

RELATED EXPERIENCE

Participant in the writing of The Effect of Contamination on The Market Value of Property, Federal Highway Admin.; Office of Right-of-Way, Washington, DC, 1993

Faculty participant at the Hazardous Waste Litigation seminar, Minnesota Institute of Legal Education, 1995

Adjunct lecturer on environmental appraisal issues, University of St. Thomas, Mpls., MN, 1996 and 2002

Faculty participant at the Annual Right-of-Way Professionals Conference, Minnesota Department of Transportation, 2004, 2005, 2007 and 2014

Metro/Minnesota Chapter of the Appraisal Institute; Education Coordinator – 1997 through 2001, Secretary – 2001, Vice President – 2002, President – 2003, Region III Representative - 2008 through 2011. National Board of Directors of the Appraisal Institute, 2012 to present.

APPRAISAL CLIENTS INCLUDE

Alliant Techsystems, Inc.
Bank of America
B.P. Oil Pipeline Company
Burlington Northern Railroad Company
Campbell Soup Company
Ceridian Corporation
CMC Heartland Partners
Deluxe Check Corporation
Equitable Life Assurance Co.
Exxon Mobil Corporation
Farm Credit Services
First Bank Systems
Great River Energy
Heitman Realty Company
Honeywell, Inc.
IBM Corporation
IDS Financial Services
Internal Revenue Service
Jostens, Inc.
LaSalle National Bank
Lockheed Martin
Louisville Regional Airport Authority

Medtronic, Inc.
Metropolitan Airports Commission
Mpls. Community Planning and Economic
Development (CPED)
Minnesota Department of Transportation
3M Corporation
Northwest Airlines, Inc.
Northwestern Mutual Life Insurance Co.
Old Dutch Foods
Philips Lighting
Resolution Trust Corporation
Reynolds Metals Company
Soo Line Railroad Company
Unisys Corporation
University of Minnesota
U.S. Environmental Protection Agency
U.S. Fish & Wildlife
U.S. Postal Service
Wells Fargo
Williams Pipeline Company
Xcel Energy

Other clients include various Cities (Andover, Belle Plaine, Bloomington, Brooklyn Center, Burnsville, Cambridge, Chanhassen, Chaska, Cokato, Columbia Heights, Crystal, Duluth, Elk River, Farmington, Jordan, Lake City, Lino Lakes, Marshall, Medina, Minneapolis, Minnetonka, New Brighton, New Prague, Osseo, Prior Lake, Ramsey, Richfield, Robbinsdale, Rochester, St. Paul, St. Louis Park, Savage, Shakopee and Victoria), and Counties (Benton, Brown, Carver, Clay, Dakota, Douglas, Goodhue, Hennepin, Jackson, McLeod, Murray, Nicollet, Otter Trail, Ramsey, Scott, Sherburne, Stearns, Steele and Washington), in the State of Minnesota.

COURT EXPERIENCE

Qualified as an expert witness in Minnesota Tax Court, U. S. District Court (Minnesota), Anoka, Carver, Dakota, Hennepin, Isanti, Ramsey, Rice, Scott, Wabasha, Washington and Wright County District Court and various Commission Hearings.

Request for Council Action

Originator Engineering	Item South Loop Park and Fire Station 3 Project
Agenda Section Study Item	Date 9/19/2016

Description

The study of three possible sites for Fire Station 3 and South Loop Park began in November 2015. Various stakeholder meetings were held for each component including representatives from Allina EMS, PARC, Planning Commission, and US Fish & Wildlife Mn Wildlife Refuge for developing the goals and vision of the future fire station and park. Three sites were evaluated, rating them for a broad series of site attributes. Staff will present information about the sites, costs and next steps.

Item created by: Julie Long

Presenter: Julie Long, Schane Rudlang and Chief Seal

Requested Action

Provide input and direction on potential land parcel acquisition for future fire station and park to:

1. Initiate negotiations with owner of residential properties adjacent to Site A (existing Fire Station 3 site) as the primary option for FS3.
2. Initiate negotiations for Park with MAC and Cypress Semiconductor for the Site C, north of 86th Street and east of Old Shakopee Road.
3. Continue to explore the secondary option of locating Fire Station 3 south of 86th (Site B) if it fits within the \$12 million total project budget.

Attachments:

Powerpoint Presentation
Development Challenges on Site C
Neighborhood Meeting Attendees & Comments
Study Meeting Presentation 3-14-16

Public Works Department

Administration, Engineering, Maintenance, Utilities



SOUTH LOOP

● FIRE STATION #3 & PARK STUDY

City Council Study Meeting

September 19, 2016

WHY THE STUDY?

- Fire Station #3 is the oldest station building in the City, constructed in 1966 and is at the end of its useful life
- South Loop is growing with new residential and taller building types

PROJECT HISTORY

Dates	Meeting
December 2015 - February 2016	Stakeholder Meetings (Fire & Park – 2 each)
March 2016	City Council Study Meeting
March 2016	Neighborhood Meeting at Evergreen Church
May 2016	City Council Study Meeting w/ BFD

STUDY SITE LOCATIONS



Potential Sites

Site A – Existing site on 86th Street

Site B – New site on the south side of 86th Street & Old Shakopee Road

Site C – New site on the north side of 86th Street & Old Shakopee Road

SITE SELECTION MATRIX FIRE STATION

Site A



Site B



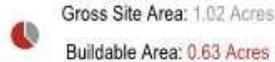
Site C



R-1

Single-Family Residential

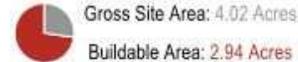
2050 86th St. E.
Bloomington, MN 55425
2 Properties



IT

Innovation & Technology

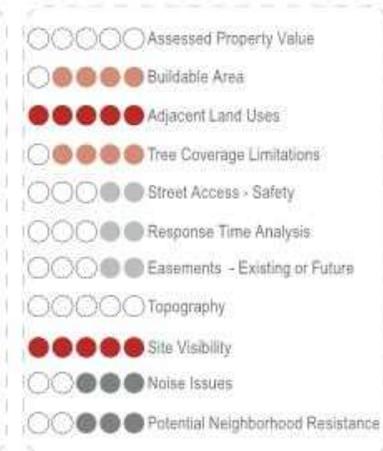
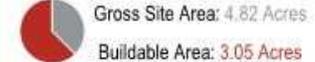
2275 Old Shakopee Rd. E.
Bloomington, MN 55425
7 Properties



IT, SC

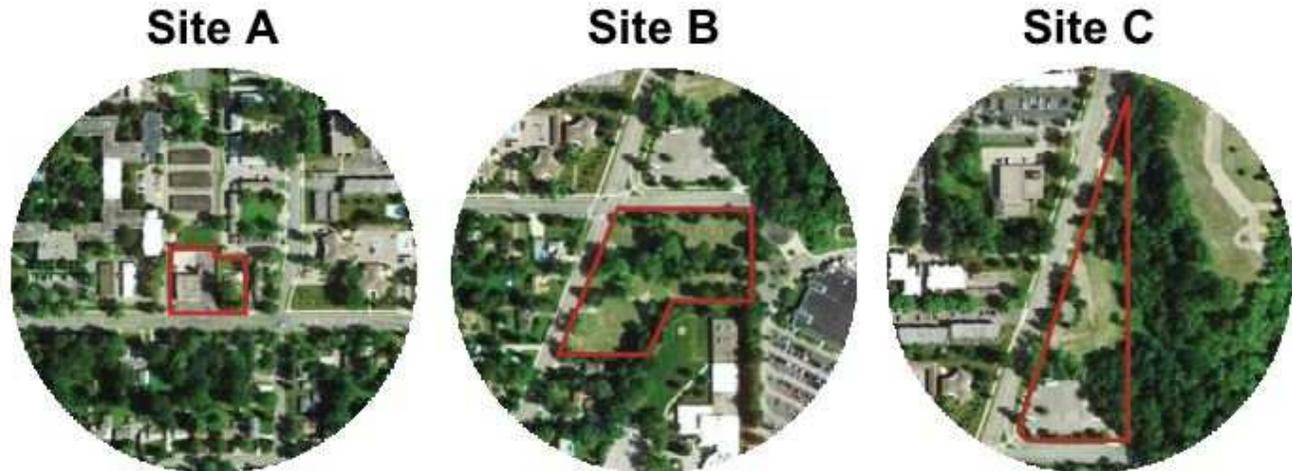
Innovation & Technology, Conservation

2325 Old Shakopee Rd. E.
Bloomington, MN 55425
6 Properties

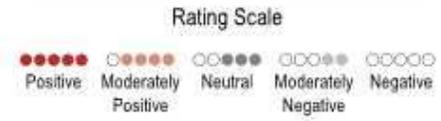


SITE SELECTION MATRIX

PARK



Because of Site A's limited size and location away from the existing trail networks, it was determined early on that it did not meet the needs for the type of park being considered at this time. In the future, the site may be more appropriate for a mini-park oriented to the use of the surrounding neighborhood.



BUDGET

OPTION 1 (SITES A & C)

	Cost		Comments
Site A Fire Station	Fire Station	\$ 9,500,000	<ul style="list-style-type: none"> • \$12,000,000 in Current 5 year CIP • Timeframe 2017-2019
	Land Acquisition*	<u>\$ 550,000</u>	
	Total	\$10,050,000	
	<i>(2018 Dollars)</i>		
	*Assumes acquisition or partial acquisition of lots adjacent to existing fire station		
Site C South Loop Park Development	Land Acquisition*	\$ 2,200,000	<ul style="list-style-type: none"> • \$2,422,916 in Future 5 year CIP • Timeframe 2021-2023
	Park	<u>\$ 1,200,000</u>	
	Total	\$ 3,400,000	
	<i>(2016 Dollars)</i>		
	*Assumes North Site C for Land Acquisition & Cypress Parking Lot		

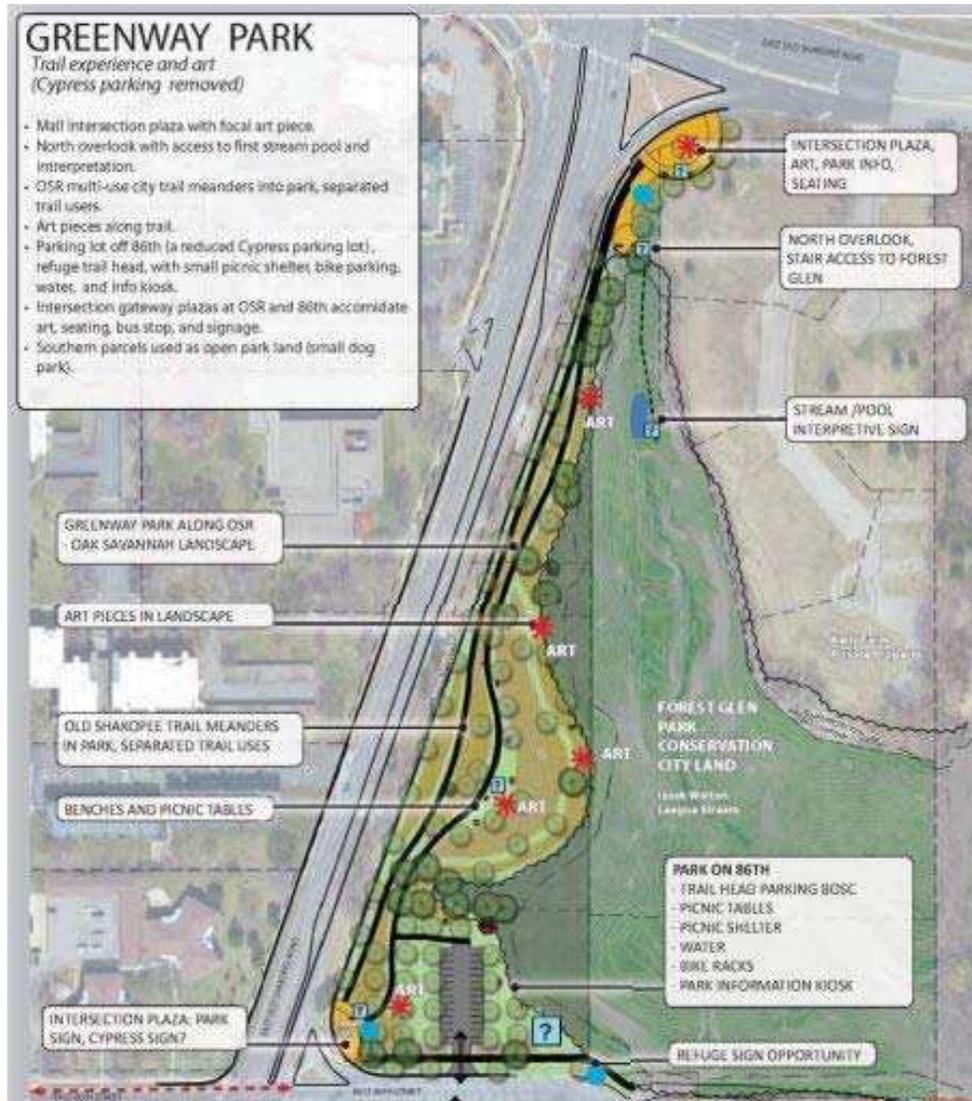
SITE A

EXISTING FIRE STATION 3 LOCATION



SITE C

EXISTING MAC LOTS NORTH OF 86TH ST



One of three layout options for this site

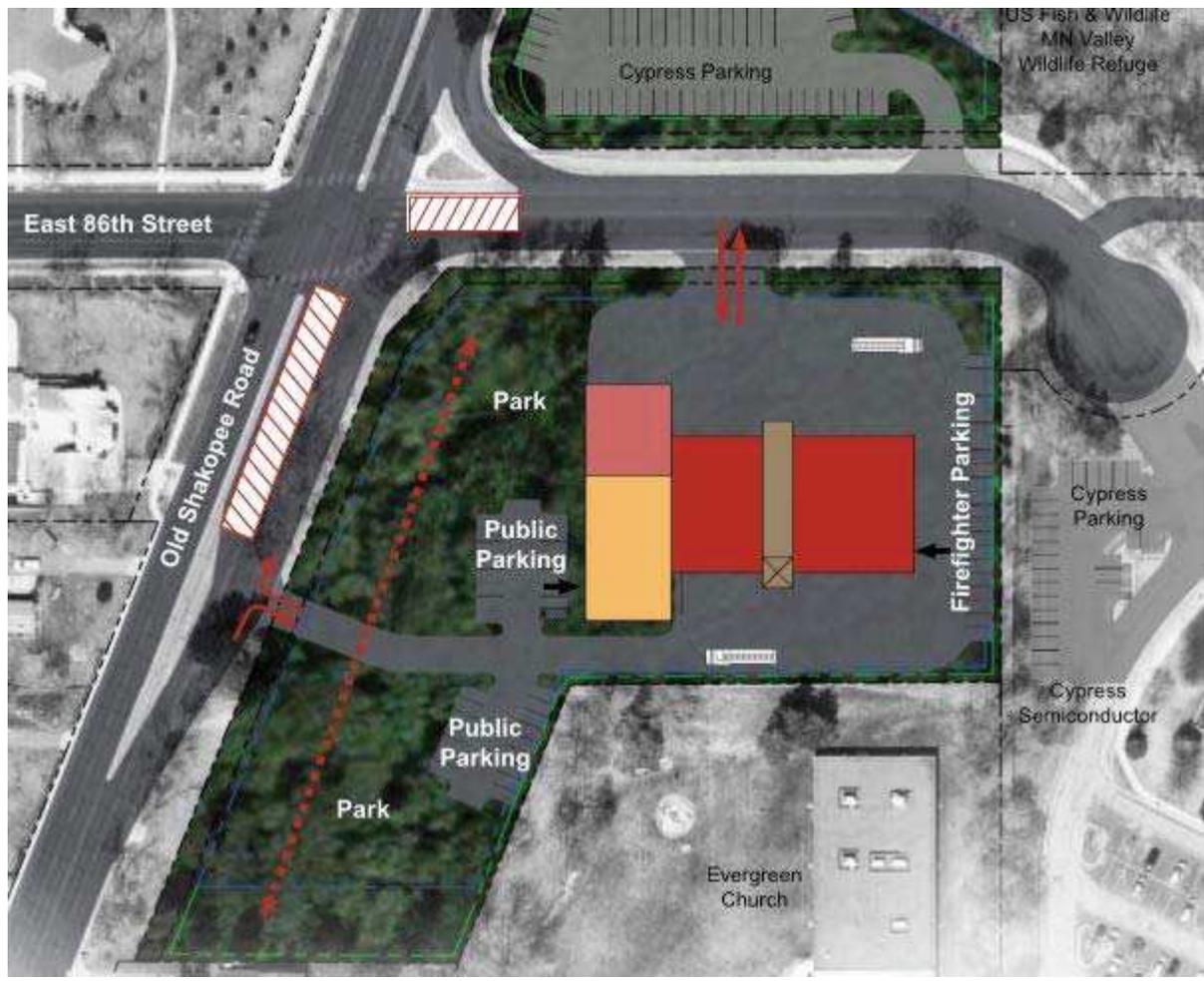
BUDGET

OPTION 2 (SITES B & C)

	Cost		Comments
Site B Fire Station	Fire Station	\$ 9,500,000	<ul style="list-style-type: none"> • \$12,000,000 in Current 5 year CIP • Timeframe 2017-2019
	Land Acquisition*	<u>\$ 1,650,000</u>	
	Total	\$11,150,000	
	<i>(2018 Dollars)</i>		
	*2016 EMV and MAC broker value the land differently—used higher number		
Site C South Loop Park Development	Land Acquisition*	\$ 2,200,000	<ul style="list-style-type: none"> • \$2,422,916 in Future 5 year CIP • Timeframe 2021-2023
	Park	<u>\$ 1,200,000</u>	
	Total	\$ 3,400,000	
	<i>(2016 Dollars)</i>		
	*Assumes North Site C for Land Acquisition & Cypress Parking Lot		

SITE B

EXISTING MAC LOTS SOUTH OF 86TH ST



One of five layout options for this site

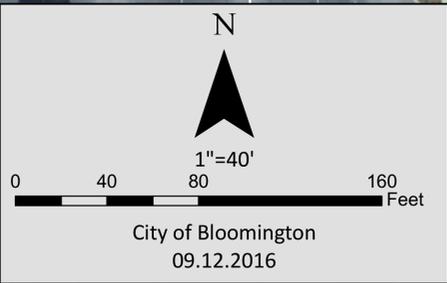
Sites
B+C | Fire Station and Park



NEXT STEPS

1. Initiate negotiations with owner of residential properties adjacent to Site A (existing FS3 site) as the primary option for FS3.
2. Initiate negotiations for Park with MAC and Cypress Semiconductor for the Site C, north of 86th Street and east of Old Shakopee Road.
3. Continue to explore the secondary option of locating FS3 south of 86th (Site B) if it fits within the \$12 million total project budget.
4. City Council approve land selection and purchase
5. Direct staff to prepare a more detailed plan for locating FS3 on selected site.

Fire Station #3 Alternatives - Site C

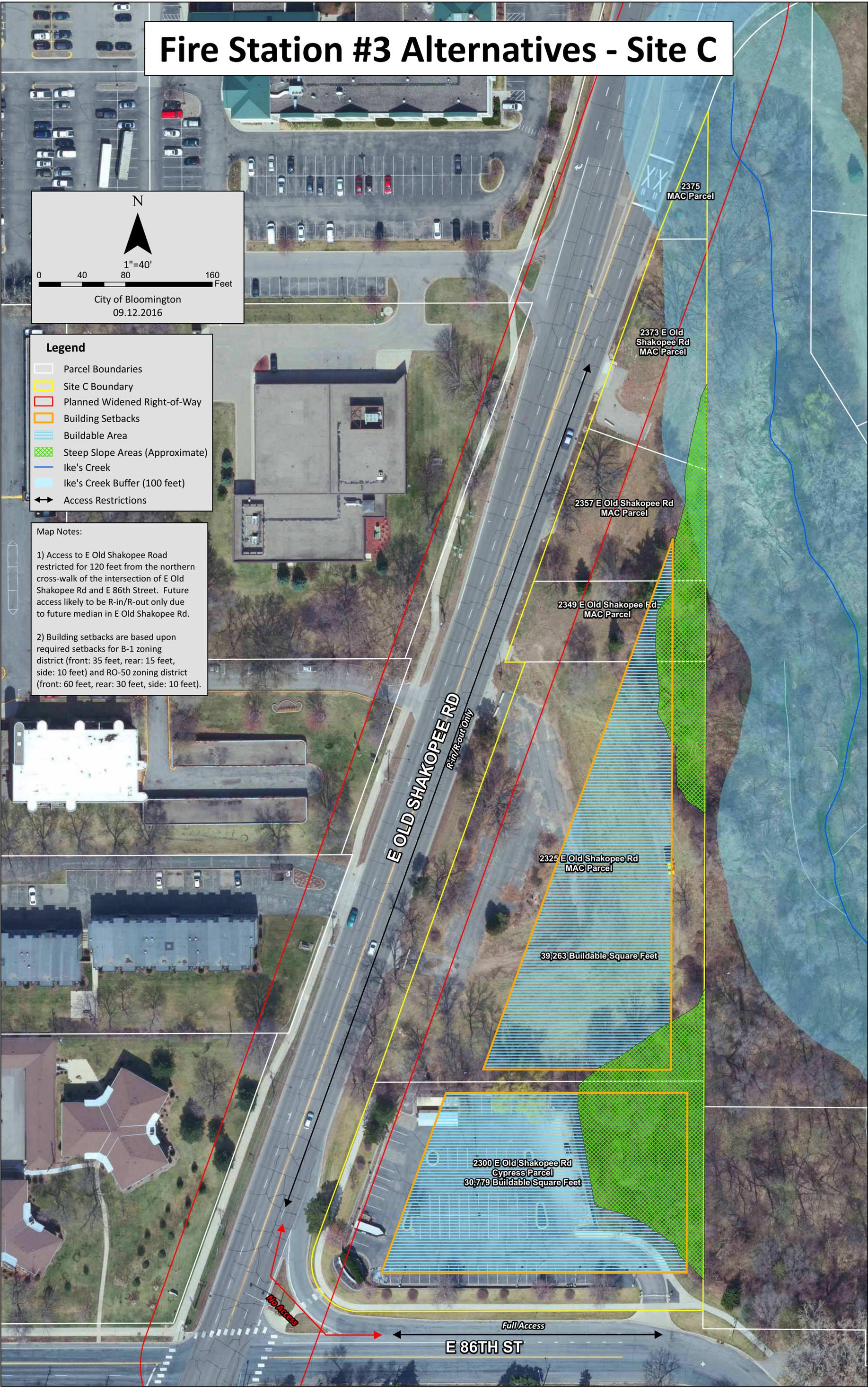


- Legend**
- Parcel Boundaries
 - Site C Boundary
 - Planned Widened Right-of-Way
 - Building Setbacks
 - Buildable Area
 - Steep Slope Areas (Approximate)
 - Ike's Creek
 - Ike's Creek Buffer (100 feet)
 - Access Restrictions

Map Notes:

1) Access to E Old Shakopee Road restricted for 120 feet from the northern cross-walk of the intersection of E Old Shakopee Rd and E 86th Street. Future access likely to be R-in/R-out only due to future median in E Old Shakopee Rd.

2) Building setbacks are based upon required setbacks for B-1 zoning district (front: 35 feet, rear: 15 feet, side: 10 feet) and RO-50 zoning district (front: 60 feet, rear: 30 feet, side: 10 feet).





South Loop Fire Station and Park Study Attendees and Comments

Evergreen Church, 2300 E 88th St, Bloomington

March 15, 2016 - 4:30pm-6:30pm

No	Name	Address	E-Mail	Comment
1.	Lynn Newman	Evergreen Church	lnewman@evergreenchurch.com	
2.	Jim Bird	Evergreen Church	jbird@evergreenchurch.com	
3.	Mavis Jean Delgado			
4.	Ellen Rohe	9112 12 th Ave S	erohele@hotmail.com	
5.	Ellna Swanson	2222 E. Old Shakopee Rd	rswa553987@aol.com	
6.	Dennis M. Sansone	2447 Skyline Drive		
7.	Eric Chadeh	2001 E. 86 ½ St		
8.	Steve Brown	2254 E. Old Shakopee Rd	meharrf@gmail.com	
9.	Nevin Johnson	1933 E. 88 th St	Nevin.johnson@va.gov	
10.	Paul Angeles	8903 River Ridge Circle	Jfk1972@aol.com	
11.	Teresa VanCleave	8920 River Ridge Rd		
12.	Matt Holden	8161 33 rd Ave S	mtholde@gmail.com	
13.	Art Breitbarth	8833 River Ridge Cir	abreitbarth@comcast.net	
14.	Dave Grieser	2012 E. 87 th St		Enjoyed the info boards. Thank you for the information and the discussion.
15.	Neil Hodson	8800 River Ridge Rd	snhodson@comcast.net	I like option 3, site B. No dog park. All other park options ok.
16.	Sue Hodson	8800 River Ridge Rd	snhodson@comcast.net	I really like site, option 3. The park would be an attractive addition to Old Shakopee Fire Station. Access to 80 th Street looks to be most safe.
17.	Mark Ward		maw@cypress.com 952-334-7425	Thanks for sharing the City's conceptual plans for the 86 th St fire station and park. You had asked for Cypress's initial thoughts on which plan we thought best met our as well as the community's needs. The "Site B-86 th & Old Shakopee Site Layout-Option 2" where the CY annex lot is converted to a park and a shared public lot between our current building and fire station, seems to be the best option of the options presented. A couple of concerns with these options: 1) Cypress monument sign wants to stay in its current location 2) the City would need to grant a parking variance in perpetuity that would be attached to the building parcel...I recall the Annex parking lot was constructed to meet the parking to building ratio.



**SOUTH LOOP
FIRE STATION & PARK STUDY
CITY COUNCIL
WORKSHOP**

MARCH 14, 2016



SOUTH LOOP FIRE STATION & PARK STUDY

PRESENTATION AGENDA

- INTRODUCTIONS & HISTORY
- BUILDING PROGRAM
- STUDY LOCATION MAP
- FIRE STATION SITE PLANS
- PARK SITE PLANS
- BUDGET SUMMARY
- QUESTIONS



PROGRAMMING

BUILDING PROGRAMMING

Space Name	Space Description/Notes	Initial Qty	Size	Area	Total
Public Access					
Vestibule		1	8'x8'	64	64
	Total				64
Admin					
Office		8	9'x10'	90	720
Classroom/Training		1	30'x30'	900	900
Locker Room		1	20'x20'	400	400
Restroom		2	8'x10'	80	160
Restroom/Showers		3	9'x11'	99	297
Fitness Room		1	20'x30'	600	600
Dayroom		1	30'x30'	900	900
Kitchen		1	15'x20'	300	300
Storage		1	10'x12'	120	120
	Subtotals				4,397
	Circulation	15%			660
	Total				5,057
Support					
Dispatch		1	15'x20'	300	300
Turnout Gear		1	20'x20'	400	400
Decon		1	14'x18'	252	252
SCBA		1	10'x14'	140	140
Decon Restroom		1	9'x10'	90	90
Secure Storage		1	15'x15'	225	225
Open Storage		1	15'x15'	225	225
Hose Tower		1	14'x14'	196	196
Utility		1	10'x12'	120	120
	Subtotals				1,948
	Circulation	15%			292
	Total				2,240





PROGRAMMING

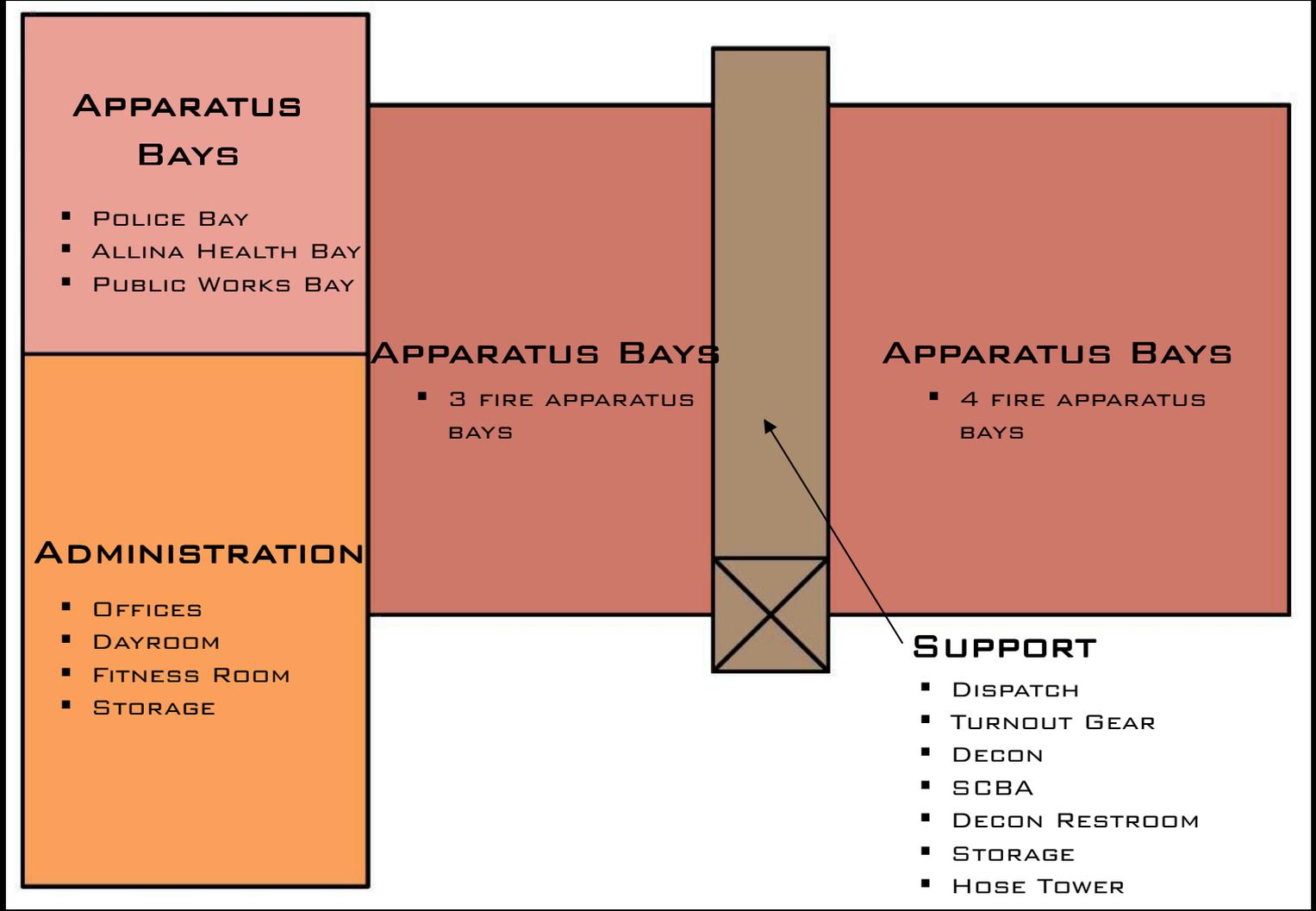
BUILDING PROGRAMMING

Space Name	Space Description/Notes	Initial Qty	Size	Area	Total
Apparatus Bays					
Apparatus Bays		7	20'x90'	1,800	11,700
Allina Health EMS Bay		1	20'x40'	800	800
Police Bay		1	20'x40'	800	800
Public Works Bay		1	20'x60'	1,200	1,200
	Subtotals				14,500
	Circulation	15%			2,175
	Total				16,675
Miscellaneous					
Police Office		1	9'x10'	90	90
Allina Health EMS Office		1	9'x10'	90	90
IS Department		1	8'x10'	80	80
Mechanical Room		1	15'x20'	300	300
	Subtotals				560
	Circulation	15%			84
	Total				644
	Total				24,680



PROGRAMMING

BUILDING PROGRAMMING



SITE STUDY LOCATIONS

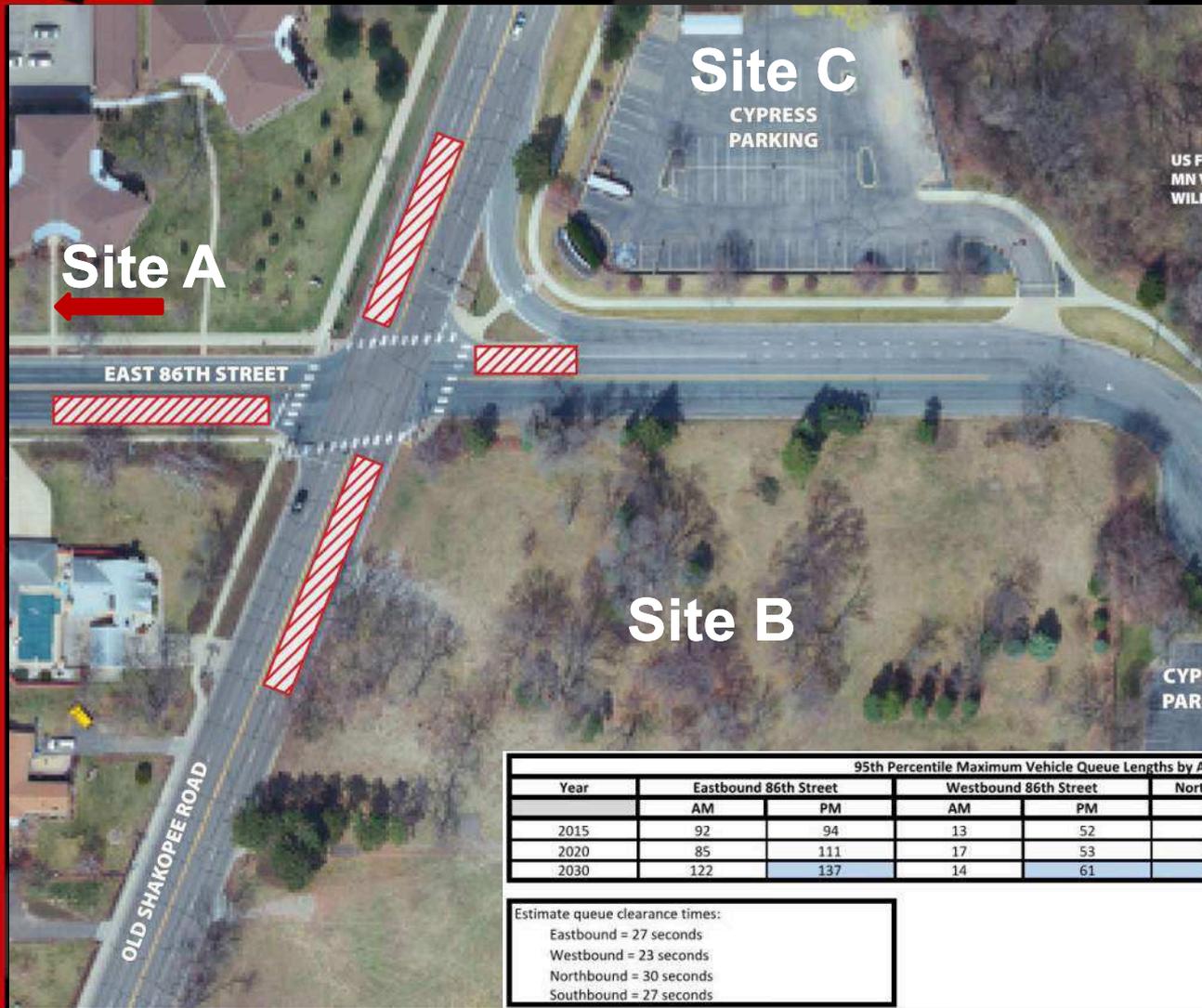
SOUTH LOOP REGION



- POTENTIAL SITES
- SITE A – EXISTING SITE ON 86TH STREET
 - SITE B – NEW SITE ON THE SOUTH SIDE OF 86TH STREET & OLD SHAKOPEE ROAD
 - SITE C – NEW SITE ON THE NORTH SIDE OF 86TH STREET & OLD SHAKOPEE ROAD

INTERSECTION TRAFFIC ANALYSIS

86TH STREET/OLD SHAKOPEE



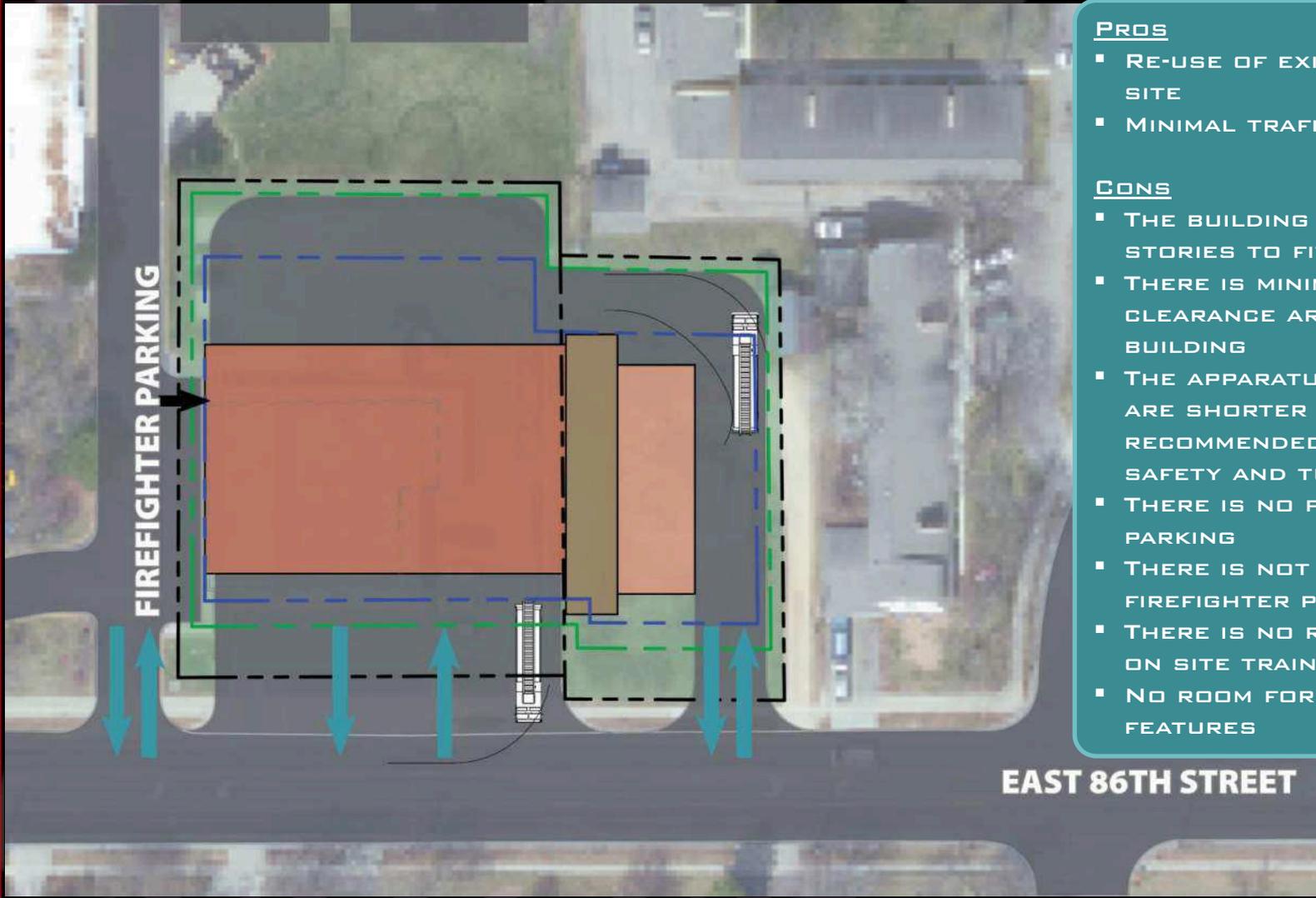
- TRAFFIC ANALYSIS**
- FIREFIGHTERS RESPONDING TO STATION (EASTBOUND & NORTHBOUND MOST COMMON)
 - SITE A AND SITE B LESS TIME FOR FIREFIGHTERS, SITE C INCREASED TIME
 - QUEUEING LENGTHS – AVOID BLOCKING STATION ENTRANCE & EXIT
 - FUTURE MEDIAN ON OLD SHAKOPEE ROAD
 - APPARATUS RESPONSE TIME FOR CLEARING INTERSECTION
 - SAFETY OF ENTERING TRAFFIC

95th Percentile Maximum Vehicle Queue Lengths by Approach (in feet)

Year	Eastbound 86th Street		Westbound 86th Street		Northbound Old Shakopee Road		Southbound Old Shakopee Road	
	AM	PM	AM	PM	AM	PM	AM	PM
2015	92	94	13	52	97	58	68	101
2020	85	111	17	53	110	72	65	119
2030	122	137	14	61	152	54	60	106

Estimate queue clearance times:
 Eastbound = 27 seconds
 Westbound = 23 seconds
 Northbound = 30 seconds
 Southbound = 27 seconds

SITE LAYOUT



PROS

- RE-USE OF EXISTING SITE
- MINIMAL TRAFFIC ISSUES

CONS

- THE BUILDING IS THREE STORIES TO FIT ON SITE
- THERE IS MINIMAL CLEARANCE AROUND THE BUILDING
- THE APPARATUS APRONS ARE SHORTER THAN RECOMMENDED FOR SAFETY AND TURNING
- THERE IS NO PUBLIC PARKING
- THERE IS NOT ENOUGH FIREFIGHTER PARKING
- THERE IS NO ROOM FOR ON SITE TRAINING
- NO ROOM FOR PARK FEATURES

SITE B - 86TH & OLD SHAKOPEE

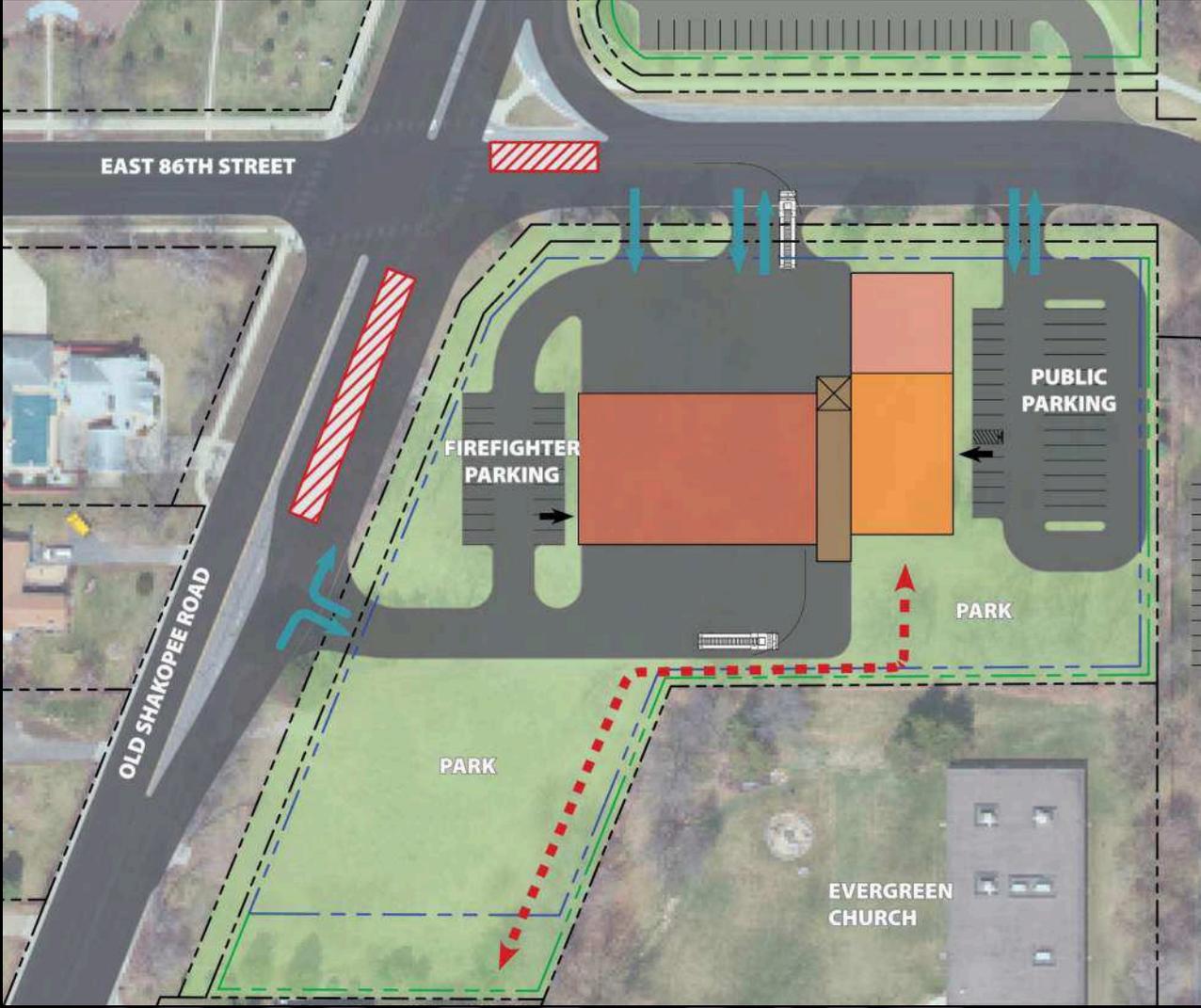
SITE LAYOUT - OPTION 1



- PROS**
- APPROPRIATE APPARATUS APRON LENGTHS
 - ACCESS FOR APPARATUS /FIREFIGHTERS FROM BOTH 86TH & OLD SHAKOPEE ROAD
 - ALLOWS TRAINING ON SITE
 - ADEQUATE PARKING FOR PUBLIC AND FIREFIGHTERS
 - ALLOWS ROOM FOR PARK FEATURES
 - NO ISSUES WITH QUEUE LENGTHS OR CLEARANCES
 - QUICKER ARRIVAL TIME FOR FIREFIGHTERS
- CONS**
- THE ADMIN/SUPPORT APPARATUS PARTIALLY OBSCURES THE APPARATUS BAYS.
 - RIGHT IN/RIGHT OUT ONLY FOR PUBLIC PARKING

SITE B - 86TH & OLD SHAKOPEE

SITE LAYOUT - OPTION 2



- PROS**
- APPROPRIATE APPARATUS APRON LENGTHS
 - ACCESS FOR APPARATUS /FIREFIGHTERS FROM BOTH 86TH & OLD SHAKOPEE ROAD
 - ALLOWS TRAINING ON SITE
 - ADEQUATE PARKING FOR PUBLIC AND FIREFIGHTERS
 - ALLOWS ROOM FOR PARK FEATURES
 - NO ISSUES WITH QUEUE LENGTHS OR CLEARANCES
 - FULL VIEW OF APPARATUS BAYS FROM OLD SHAKOPEE ROAD
- CONS**
- WEAKER PATH CONNECTION TO REFUGE
 - PUBLIC PARKING FURTHER FROM PARK AREA AND LESS VISIBLE TO OLD SHAKOPEE ROAD

SITE B - 86TH & OLD SHAKOPEE

SITE LAYOUT - OPTION 3



PROS

- APPROPRIATE APPARATUS APRON LENGTHS
- ACCESS FOR APPARATUS /FIREFIGHTERS FROM BOTH 86TH & OLD SHAKOPEE ROAD
- ALLOWS TRAINING ON SITE
- ADEQUATE PARKING FOR PUBLIC AND FIREFIGHTERS
- ALLOWS ROOM FOR PARK FEATURES ALONG OSR
- NO ISSUES WITH QUEUE LENGTHS OR CLEARANCES

CONS

- THE ADMIN/SUPPORT APPARATUS PARTIALLY OBSCURES THE APPARATUS BAYS
- RIGHT IN/RIGHT OUT ONLY FOR PUBLIC PARKING

SITE B - 86TH & OLD SHAKOPEE

SITE LAYOUT - OPTION 4



- PROS**
- APPROPRIATE APPARATUS APRON LENGTHS
 - ACCESS FOR APPARATUS /FIREFIGHTERS FROM BOTH 86TH & OLD SHAKOPEE ROAD
 - ALLOWS TRAINING ON SITE
 - ADEQUATE PARKING FOR PUBLIC AND FIREFIGHTERS
 - NO ISSUES WITH QUEUE LENGTHS OR CLEARANCES
 - FULL VIEW OF APPARATUS BAYS FROM OLD SHAKOPEE ROAD
- CONS**
- RIGHT IN/RIGHT OUT ONLY FOR PUBLIC PARKING
 - WEAKER PATH CONNECTION TO REFUGE
 - PUBLIC PARKING FURTHER FROM PARK AREA AND LESS VISIBLE TO OLD SHAKOPEE ROAD

SITE B - 86TH & OLD SHAKOPEE

SITE LAYOUT - OPTION 5



- PROS**
- APPROPRIATE APPARATUS APRON LENGTHS
 - ACCESS FOR APPARATUS/FIREFIGHTERS FROM BOTH 86TH & OLD SHAKOPEE ROAD
 - ALLOWS TRAINING ON SITE
 - ADEQUATE PARKING FOR PUBLIC & FIREFIGHTERS
 - ALLOWS ROOM FOR PARK FEATURES NEAR TO REFUGE ENTRANCE
 - APPARATUS BAYS VISIBLE TO STREET
- CONS**
- APPARATUS EXIT OVERLAPS QUEUE ON OLD SHAKOPEE ROAD
 - RIGHT IN/RIGHT OUT ONLY FOR PUBLIC PARKING
 - PUBLIC PARKING DOESN'T SERVE PARK

SITE C - 86TH & OLD SHAKOPEE

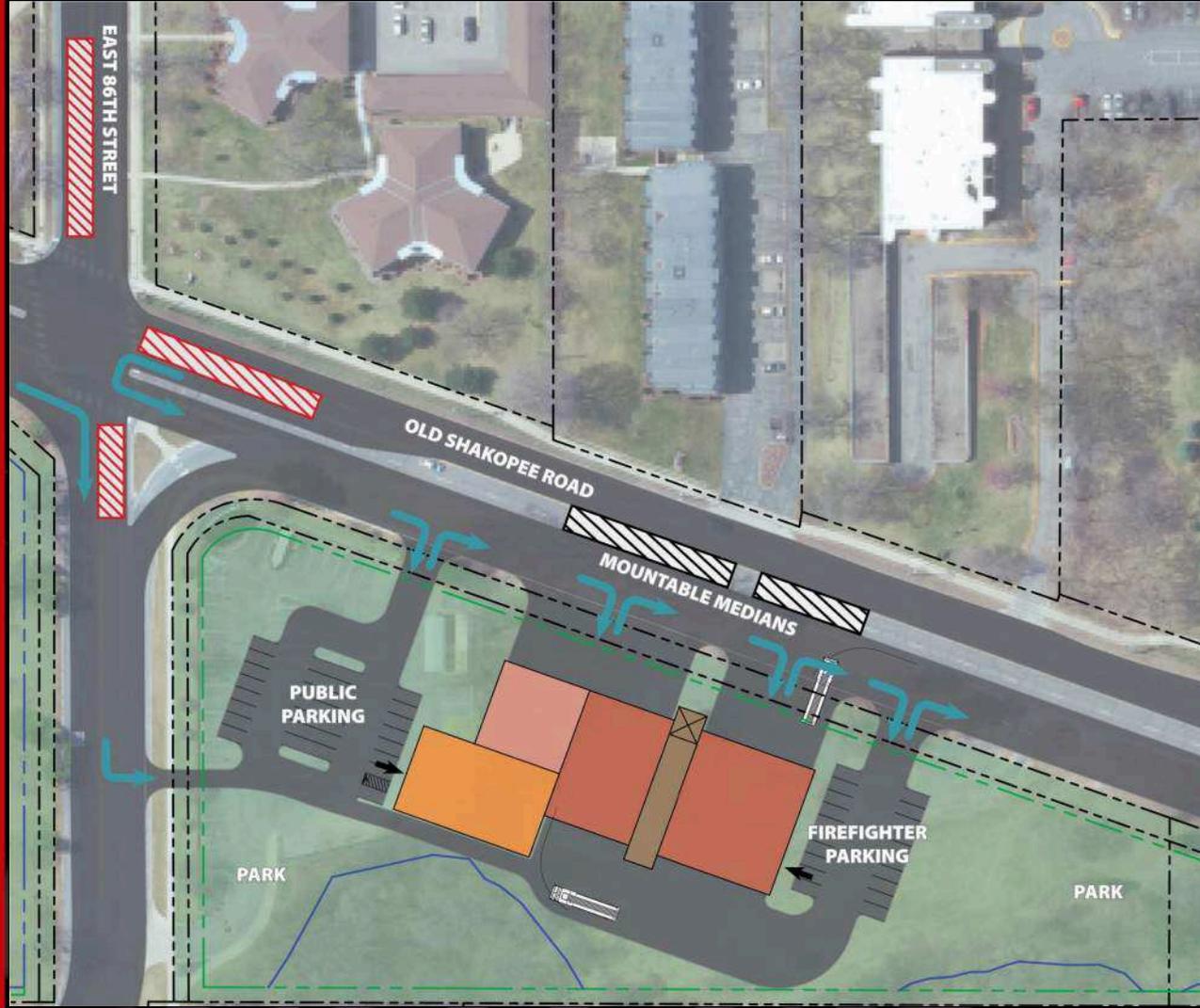
SITE LAYOUT - OPTION 1



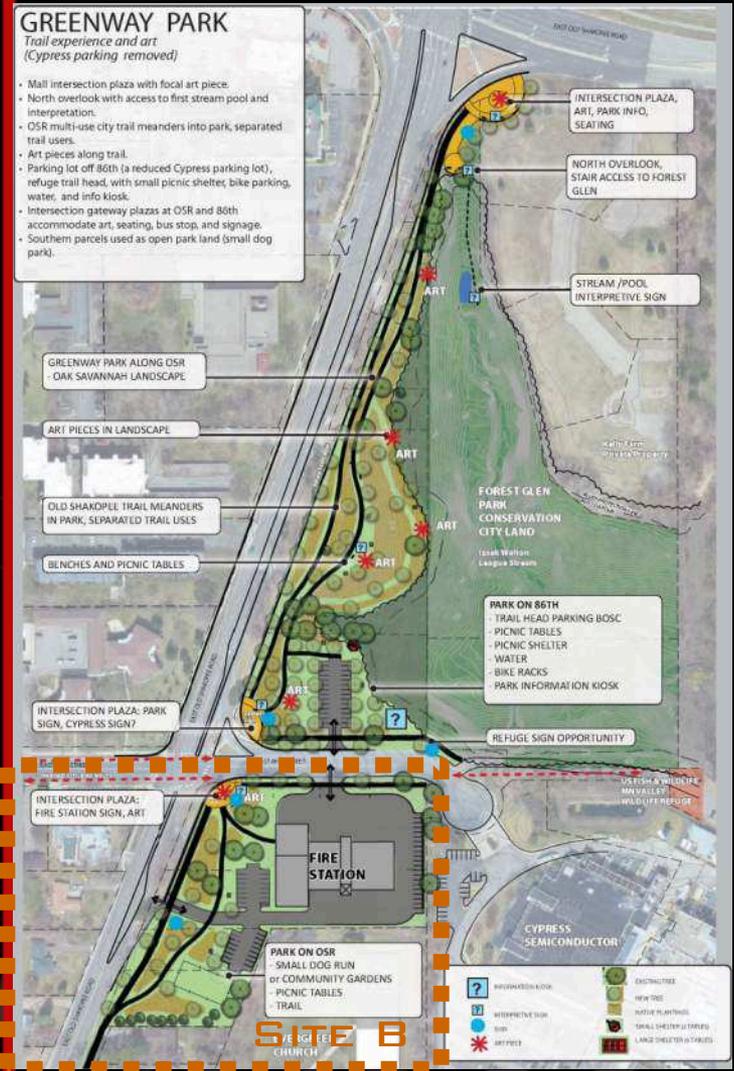
- PROS**
- APPARATUS BAYS VISIBLE TO STREET
 - PARK CONNECTION ALONG BLUFF EDGE
 - ADEQUATE PARKING FOR PUBLIC AND FIREFIGHTERS
- CONS**
- SIGNIFICANT FILL AND RETAINING WALL REQUIRED ALONG BLUFF
 - THE APPARATUS APRONS ARE SHORTER THAN RECOMMENDED
 - APPARATUS ACCESS ONTO SOUTHBOUND OLD SHAKOPEE REQUIRES MOUNTABLE MEDIUM
 - FIREFIGHTER RESPONSE ARRIVAL TIMES ARE LONGER
 - RIGHT IN/RIGHT OUT ONLY FOR FIREFIGHTER /PUBLIC PARKING
 - APPARATUS APRON WIDTH LESS SAFE

SITE C - 86TH & OLD SHAKOPEE

SITE LAYOUT - OPTION 2

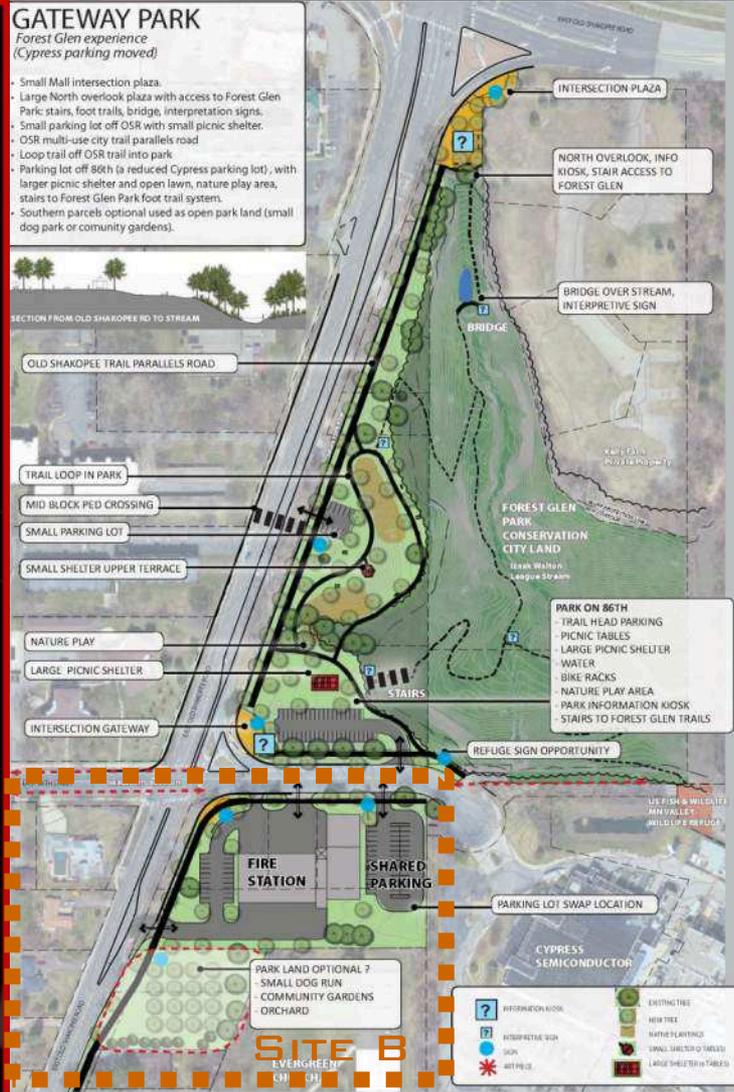


- PROS**
- APPARATUS BAYS VISIBLE TO STREET
 - PARK CONNECTION ALONG BLUFF EDGE
 - ADEQUATE PARKING FOR PUBLIC AND FIREFIGHTERS
- CONS**
- SIGNIFICANT FILL AND RETAINING WALL REQUIRED ALONG BLUFF
 - THE APPARATUS APRONS ARE SHORTER THAN RECOMMENDED
 - APPARATUS ACCESS ONTO SOUTHBOUND OLD SHAKOPEE REQUIRES MOUNTABLE MEDIAN
 - FIREFIGHTER RESPONSE ARRIVAL TIMES ARE LONGER
 - RIGHT IN/RIGHT OUT ONLY FOR FIREFIGHTER /PUBLIC PARKING
 - APPARATUS APRON WIDTH LESS SAFE



SITE B ENLARGED

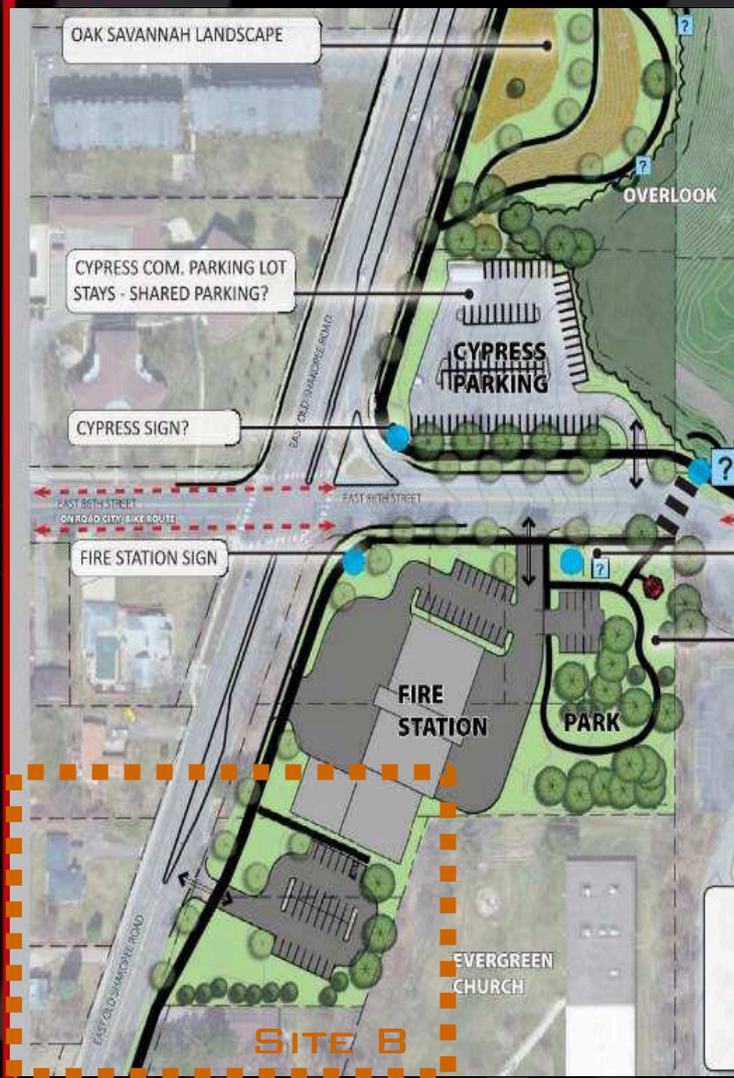




SITE B ENLARGED



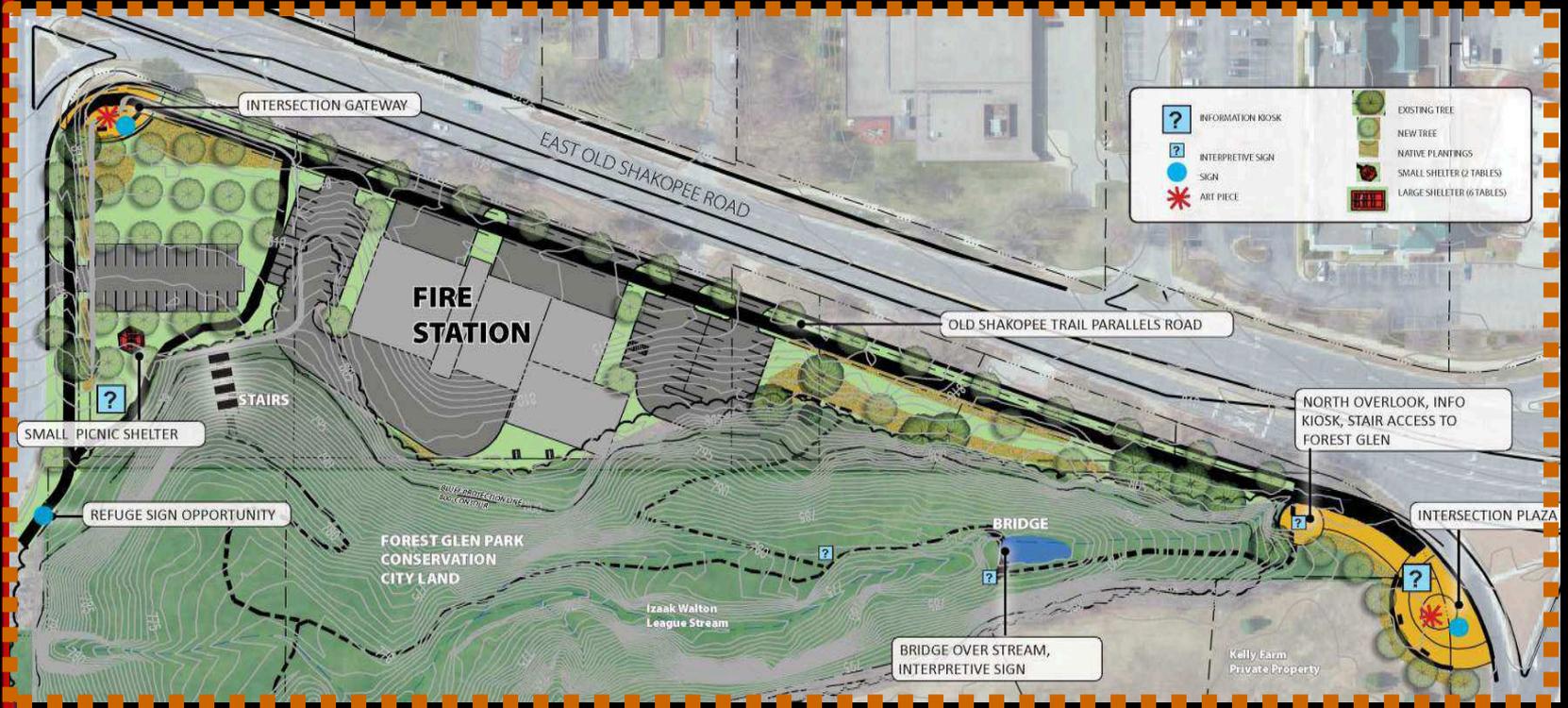
OVERLOOK PARK CONCEPT



SITE B ENLARGED



SITE C - 86TH & OLD SHAKOPEE FIRE STATION ON SITE C





BUDGET

	Cost		Comments
Phase 1 Fire Station/ Pocket Park	Fire Station	\$9,500,000	<ul style="list-style-type: none"> • \$12,000,000 in Current 5 year CIP • Timeframe 2017-2019
	Land Acquisition*	\$ 765,000	
	Pocket Park	<u>\$ 500,000</u>	
	Total	\$10,765,000	
	<i>(2018 Dollars)</i>		
*Assumes South Site B for Land Acquisition			
Phase 2 South Loop Park Development	Land Acquisition*	\$ 2,500,000	<ul style="list-style-type: none"> • \$2,422,916 in Future 5 year CIP • Timeframe 2021-2023 • Includes \$940,000 for Cypress parking lot
	Park	<u>\$ 1,200,000</u>	
	Total	\$ 3,700,000	
	<i>(2016 Dollars)</i>		
*Assumes North Site C for Land Acquisition			





QUESTIONS?



SOUTH LOOP FIRE STATION & PARK STUDY



Request for Council Action

Originator Finance	Item 2017/2018 Proposed Internal Service Fund Budgets
Agenda Section Study Item	Date 9/19/2016

Description

Staff will discuss the various proposed 2017 and 2018 Internal Service Fund budgets in the areas of:

- Fund 7100 - Fleet Maintenance
- Fund 7200 - Public Safety Radio
- Fund 7300 - Self-Insurance
- Fund 7400 - Insured Benefits
- Fund 7450 - Accrued Benefits
- Fund 7500 - Support Services
- Fund 7600 - Information Systems
- Fund 7700 - Facilities and Parks Maintenance

Staff would anticipate bringing these budgets for formal adoptions to the September 26th, 2016 Council meeting.

Item created by: Finance
Presenter: Cindy Rollins, Budget Manager

Requested Action

No formal action is requested.

Attachments:

2017-2018 Proposed Internal Service Fund Budgets
Presentation



September 19, 2016

2017-2018 PROPOSED BUDGETS Internal Service Funds

- **7100 - Fleet Maintenance**
- **7200 - Public Safety Radio**
- **7300 - Self-Insurance**
- **7400 - Insured Benefits**
- **7450 - Accrued Benefits**
- **7500 - Support Services**
- **7600 - Information Systems**
- **7700 - Facilities & Park
Maintenance**



September 19, 2016

2017-2018 PROPOSED BUDGETS

INTERNAL SERVICE FUNDS

Fund 7100 Fleet Maintenance

Fund 7100, Fleet Maintenance

This fund accounts for costs related to the operation, maintenance, repair and replacement of City vehicles, equipment, and the City warehouse. It consists of five activities: Fleet Operations & Maintenance (including Central Supplies), Fleet Replacement, Fire Equipment Replacement, Fire Small Equipment Replacement and Police Small Equipment Replacement. User departments within the City are charged for their use of City vehicles and equipment. A portion of these fees fund operations, while another portion goes toward replacement costs. The user charges for operations and replacement were realigned in the fifteen-year model to better meet the working capital goals on a long-term basis. Fees are also assessed for ordering and receiving supplies from the City warehouse. Any new equipment or non-stocked supplies are generally funded through additional departmental expenses or from transfer of funds if the purchase is for an enterprise operation.

	2015 Actual	2016 Budget	2016 Estimate	2017 Proposed	2018 Conceptual
Total Revenue	\$6,936,459	\$7,882,353	\$7,893,500	\$7,602,642	\$8,674,648
Total Expenses	\$6,508,123	\$9,446,018	\$7,967,000	\$7,781,721	\$8,666,263
Working Capital	\$5,866,599	\$4,302,935	\$5,793,099	\$5,614,020	\$5,622,405
WC Goal	\$2,676,692	\$3,104,555	\$3,269,016	\$3,899,014	\$4,078,163

Operations & Maintenance (765601)

This activity accounts for vehicle operating costs including fuel, insurance and repairs. City departments are charged fees based on their usage of vehicles and heavy equipment. Central Supplies controls and accounts for inventory for the central garage and its substantial parts inventory, the water and wastewater utilities, and central office supplies.

Fees

Equipment users are charged a standard rate fee that is based on the type of equipment being used. This fee is designed to cover all operating and maintenance costs as well as replacement costs. Operations and Maintenance (O&M) receives 66% of the fee in 2017 with the remaining 34% allocated to Replacement. The percentage allocated to O&M usually fluctuates between 65% and 71% with the remaining portion going to the Replacement activity. The primary driver behind setting the split is cost for fuel, followed by the costs for equipment purchases. Total fees for Operations & Maintenance and Replacement are \$6,362,942 for 2017, a decrease of \$194,000 from 2016. Fees for 2018 are \$7,242,848.

Revenue

Total revenue for Operations is projected to be \$4,254,637 in 2017. 2017 charges to other departments total \$4,199,542 and inventory surcharges are \$38,400.

Proposed total revenue for 2018 is \$5,039,266. Departmental charges are included in the General Fund and other funds' budgets.

Expenses

Proposed 2017 expenses are \$5,257,766 and for 2018 are \$5,399,249. The City uses State contracts for all fuel purchases. State contracts lock in vendor overhead while actual fuel costs fluctuate to reflect market pressures and the cost per barrel of crude oil. The City currently purchases 75% of its unleaded fuel with a fixed contract price and 25% at the daily price. Diesel fuel is proposed to be purchased 50% with a fixed price and 50% at the daily price to more conservatively handle reserve capacity. These splits will be re-evaluated in October. From January through July 2016, the fixed price for unleaded fuel averaged \$1.88 and on the spot market it averaged \$1.68 per gallon. This compares to \$2.71 and \$1.98 at this time last year. Diesel fuel averaged \$1.64 for fixed price and \$1.47 on the spot market. These costs do not include \$0.285 in excise and other taxes the City pays. The budget for fuel went from \$1,240,000 in 2016 to \$1,124,000 in 2017. The Equipment Division has been purchasing bio-diesel fuel since May of 2005.

Working Capital

Working capital is projected to decrease in 2017 by \$1,003,766 to total \$1,474,129. The budget shows a working capital decrease of \$359,983 in 2018 for total working capital of \$1,114,130.

Equipment Replacement (765602)

This activity accumulates funds to pay for the replacement of existing vehicles and heavy equipment. User departments are charged a monthly apportionment of estimated replacement cost of the equipment they are using, based on the life expectancy of the piece of equipment. The Fleet Management System tracks actual vehicle costs both individually and by class type. Staff reviews and evaluates the collected data and meets individually with user departments to finalize the yearly vehicle replacement schedule. Criteria used to determine replacement includes individual vehicle operating costs compared to like vehicles, vehicle mileage or hours of use, user department needs, age of vehicle, condition of vehicle and available funding.

Fees

Fees are allocated for 2017 and 2018 as noted above in Operations & Maintenance.

Revenues

For 2017 budgeted revenues are \$2,381,758. Proposed revenues for 2018 are \$2,488,522 including departmental fees which are budgeted in the General Fund and other funds' budgets.

Expenses

Expenses for 2017 are proposed to be \$2,125,000. Expenses are comprised entirely of the cost of replacement equipment. The proposed expenses for 2017 are less than the estimated replacement costs as calculated by the Fleet Management System, and represent staff's estimates as to what actual expenses will be based on current condition, age and need (see listing attached). Expenses in 2018 are budgeted at \$2,284,000.

Working Capital

With the proposed expenses and revenues, this activity shows an increase in working capital in 2017 for total working capital of \$2,574,526. The working capital goal for this activity is one year of fees, or \$2,163,000 for 2017. Working capital for 2018 is budgeted at \$2,779,048.

Fire Equipment Replacement (765603)

This activity provides funding for the replacement of fire equipment. Revenues from department charges fund this activity. This activity was originally funded when positive performance in the early 1990s was sufficient to meet the City's fire pension obligation. Funding for fire equipment has allowed some cushion in years when this funding was needed for the City's pension contribution.

Fees

Fees for 2017 are budgeted at \$550,000. Proposed fees for 2018 are also \$550,000.

Revenues

Total revenues for 2016 are projected to be \$459,600, with \$450,000 coming from internal charges and the remainder from interest earnings. The 2017 and 2018 proposed revenues are \$558,396 and \$563,514. This level of funding is required to meet the anticipated need for equipment replacement in this activity through 2031.

Expenses

Estimated expenses for 2016 are \$1,840,560, mostly for a ladder truck. Proposed capital expenses for 2017 are \$180,000 for two Fire Marshalls' vehicles and two Chiefs' vehicles. Capital expenses for 2018 include an ATV and a boat. Engines last 15 years on the front lines and five years in reserve. Ladders run 20 years on the front lines. The Fire capital replacement plan is included as an attachment.

Working Capital

The 2017 working capital balance is proposed to increase by \$378,396 to \$967,712. Working capital is expected to increase by \$528,514 in 2018 to \$1,496,226. The working capital goal for this activity is \$1,100,000.

Fire Small Equipment Replacement (765605)

This activity provides funding for the replacement of small equipment for the Fire Department. The on-going funding mechanism for this is from the General Fund since these expenses were formerly accounted for in the General Fund. Locating this

activity in an internal service fund allows for funding that is flatter than budgeting for spikes and valleys in purchases. Initial funding for this activity was provided through the General Fund and the Fire Equipment Replacement Activity.

Revenues

Proposed revenue for 2017 is \$356,884 which includes departmental charges of \$350,000 and interest earnings. Budgeted revenues for 2018 are \$507,732 which include \$500,000 of departmental charges and interest earnings.

Expenses

Expenses for 2017 are proposed to be \$143,400. Budgeted expenses for 2017 are to purchase air bags, defibrillators, hazmat detection gear and technical rescue gear. Expenses for 2018 are \$862,000 which includes self-contained breathing units which are required to be replaced every 15 years and other safety gear (see attached listing).

Working Capital

2016 should end the year with working capital of \$340,217. The working capital balance budgeted for 2017 is \$553,701 and for 2018 is \$199,433. The working capital goal for this fund in 2017 is \$356,884 and for 2018 is \$507,732 which is equivalent to one year's revenues. Working capital was built up in this activity to fund replacement of self-contained breathing apparatus in 2018.

Police Small Equipment Replacement (765604)

This activity provides funding for the replacement of small equipment for the Police Department. The on-going funding mechanism for this is from the General Fund – Patrol (Activity 145201).

Revenues

Proposed 2017 revenues are \$50,967. Budgeted revenues for 2018 are \$75,614.

Expenses

Proposed expenses for 2017 are \$75,555, mostly for the purchase of body cameras or squad car cameras. Budgeted expenses for 2018 are \$86,014 to purchase radar units, service weapons and body and squad car cameras (see attached listing).

Working Capital

The 2016 working capital balance is projected to be \$68,556. The working capital balance budgeted for 2017 is \$43,967 and for 2018 is \$33,568. The working capital goal for this fund in 2017 is \$86,014 and in 2018 is \$100,163.

Recommendation:

Staff recommends approval of the 2017 City Manager's Recommended Budget and conceptual approval of the 2018 budget. Staff also recommends Council approval of the 2017 Equipment Replacement, Fire Equipment Replacement, Fire Small Equipment Replacement and Police Small Equipment Replacement schedules.

CITY OF BLOOMINGTON EQUIPMENT AND SUPPLIES - FUND 7100						
CITY OF BLOOMINGTON DESCRIPTION	2015	2016			2017	2018
	ACTUAL	BUDGET	ADJUSTED	ESTIMATE	PROPOSED	PROPOSED
Total Operations & Replacement Charges	5,929,800	6,557,220	6,557,220	6,711,000	6,362,942	7,242,848
OPERATIONS & MAINTENANCE (765601)						
REVENUES						77%
CHARGES TO DEPARTMENTS	4,447,356	5,049,059	5,049,059	5,049,000	4,199,542	4,980,280
MOTOR POOL RENTAL CHARGES	0	69,195	69,195	69,000	0	0
INTEREST EARNINGS	8,454	7,251	7,251	7,250	16,695	20,586
OTHER REVENUE	172,359	154,380	154,380	140,000	38,400	38,400
TRANSFERS IN -FROM OPERATIONS	0	0	0	0	0	0
TOTAL REVENUES	4,628,169	5,279,885	5,279,885	5,265,250	4,254,637	5,039,266
EXPENDITURES						
WAGES & BENEFITS	1,288,084	1,359,853	1,359,853	1,297,300	1,409,814	1,455,528
MATERIALS & SUPPLIES	2,735,103	3,489,129	3,615,129	2,353,140	3,627,952	3,723,721
CAPITAL	26,984	521,427	521,427	400,000	220,000	220,000
TOTAL EXPENDITURES	4,050,171	5,370,409	5,496,409	4,050,440	5,257,766	5,399,249
GAIN (LOSS)	577,999	(90,524)	(216,524)	1,214,810	(1,003,129)	(359,983)
TRANSFER WORKING CAPITAL						
WORKING CAPITAL BALANCE	1,262,432	1,171,908	1,045,908	2,477,242	1,474,113	1,114,130
WORKING CAPITAL GOAL	571,002	621,000	571,000	571,000	550,000	615,000
EQUIPMENT REPLACEMENT (765602)						
REVENUES						
CHARGES TO DEPARTMENTS	1,482,444	1,508,161	1,508,161	1,662,000	2,163,400	2,262,568
INTEREST EARNINGS	15,586	19,320	19,320	19,360	28,358	35,953
OTHER REV - FED GRANT	30,386	0	0	0	0	0
OTHER REV - TRANS IN	18,098	43,857	43,857	55,800	90,000	90,000
SALE OF EQUIPMENT	94,646	140,000	140,000	0	100,000	100,000
TOTAL REVENUES	1,641,160	1,711,338	1,711,338	1,737,160	2,381,758	2,488,522
EXPENDITURES						
MATERIALS & SUPPLIES						
CAPITAL	1,583,506	2,051,357	2,051,357	1,750,000	2,125,000	2,284,000
TRANSFER TO FACILITIES FUND	0	0	0	0	0	0
TRANSFER TO OPER. & MAINT.	0	0	0	0	0	0
TOTAL EXPENDITURES	1,583,506	2,051,357	2,051,357	1,750,000	2,125,000	2,284,000
GAIN (LOSS)	57,654	(340,019)	(340,019)	(12,840)	256,758	204,522
TRANSFER WORKING CAPITAL						
WORKING CAPITAL BALANCE	2,330,608	1,990,589	1,990,589	2,317,768	2,574,526	2,779,048
WORKING CAPITAL GOAL	1,482,000	1,508,000	1,508,000	1,662,000	2,163,000	2,263,000
FIRE EQMNT REPLACEMENT (765603)						
REVENUES						
CHARGES TO DEPARTMENTS	300,000	450,000	450,000	450,000	550,000	550,000
INTEREST EARNINGS	11,755	9,611	9,611	9,600	8,396	13,514
SALE OF EQUIPMENT/ OTHER	0	0	0	0	0	0
TOTAL REVENUES	311,755	459,611	459,611	459,600	558,396	563,514
EXPENDITURES						
MATERIALS & SUPPLIES	0	562	563	560	0	0
CAPITAL	698,104	1,840,000	1,840,000	1,840,000	180,000	35,000
TOTAL EXPENDITURES	698,104	1,840,562	1,840,563	1,840,560	180,000	35,000
GAIN (LOSS)	(386,349)	(1,380,951)	(1,380,952)	(1,380,960)	378,396	528,514
WORKING CAPITAL BALANCE	1,970,276	589,325	589,324	589,316	967,712	1,496,226
WORKING CAPITAL GOAL	600,000	900,000	900,000	900,000	1,100,000	1,100,000
FIRE SMALL EQUIPMENT (765605)						
REVENUES						
CHARGES TO DEPARTMENTS 101-4703	330,000	400,000	400,000	400,000	350,000	500,000
INTEREST EARNINGS	-	1,077	1,078	1,050	6,884	7,732
TRANSFER IN	-	-	-	-	-	-
TOTAL REVENUES	330,000	401,077	401,078	401,050	356,884	507,732
EXPENDITURES						
MATERIALS & SUPPLIES	136,551	160,000	453,000	303,000	143,400	862,000
CAPITAL	0	0	0	0	0	0
TOTAL EXPENDITURES	136,551	160,000	453,000	303,000	143,400	862,000
GAIN (LOSS)	193,449	241,077	(51,922)	98,050	213,484	(354,268)
WORKING CAPITAL BALANCE	242,167	483,244	190,245	340,217	653,701	199,434
WORKING CAPITAL GOAL	330,000	401,077	401,078	401,050	356,884	507,732
POLICE SMALL EQUIPMENT (765604)						
REVENUES						
CHARGES TO DEPARTMENTS 101-4201	25,000	30,000	30,000	30,000	50,000	75,000
INTEREST EARNINGS	375	442	442	440	967	614
OTHER REVENUE	0	0	0	0	0	0
TOTAL REVENUES	25,375	30,442	30,442	30,440	50,967	75,614
EXPENDITURES						
MATERIALS & SUPPLIES	39,791	23,690	23,690	23,000	75,555	86,014
CAPITAL	0	0	0	0	0	0
TOTAL EXPENDITURES	39,791	23,690	23,690	23,000	75,555	86,014
GAIN (LOSS)	(14,416)	6,752	6,752	7,440	(24,589)	(10,400)
WORKING CAPITAL BALANCE	61,116	67,868	67,868	68,556	43,967	33,668
WORKING CAPITAL GOAL	23,690	75,555	86,014	86,014	86,014	100,163
TOTAL WORKING CAPITAL	5,866,599	4,302,935	3,883,934	5,793,099	5,614,020	5,622,405
WORKING CAPITAL GOAL:						
Inventory replacement						-
Operations (1 months Oper. Charges)	371,000	421,000	421,000	421,000	350,000	415,000
Fuel contingency	200,002	200,000	200,001	200,001	200,000	200,000
Equip replacement (1 yr charges)	1,482,000	1,508,000	1,508,000	1,662,000	2,163,000	2,263,000
Fire replacement (2 yr charges)	600,000	900,000	900,000	900,000	1,100,000	1,100,000
Police small eqmt (next yr purchases)	23,690	75,555	86,014	86,014	86,014	100,163
TOTAL WC GOAL	2,676,692	3,104,555	3,115,016	3,269,016	3,899,014	4,078,163
WC Excess/(Deficiency)	3,189,908	1,198,379	768,919	2,524,084	1,715,006	1,544,242

Total Fund Revenues	6,936,459	7,882,353	7,882,354	7,893,500	7,602,642	8,674,648
Total Fund Expenditures	6,508,123	9,446,018	9,865,019	7,967,000	7,781,721	8,666,263
Fund gain (loss)	428,337	(1,563,665)	(1,982,665)	(73,500)	(179,079)	8,385

Anticipated Budget
Variance to Anticipated Budget

2017
\$2,125,000
\$0

2017	
Total by Year (All Inclusive)	\$2,125,000
Total by Year (before squad and discretionary)	\$1,713,611
Estimated Squad Count	11
Estimated Squad Expense	\$330,000
Discretionary Expense	\$81,389

2016 FLEET POINTS REPLACEMENT

Unit #	Year	Make	Model	Dept.	Total points	Propose to Replace in 2017
						\$1,713,611
155	1992	ISUZU	NPR	Util	45	\$118,450
1515	1992	PB	B-4SM	Streets	41	\$53,045
82	2002	STERLING	LT9511	Streets	38	\$272,950
698	1999	TORO	30788	Parks	36	\$21,218
1146	2006	JOHN DEERE	3720	Parks	36	\$42,436
31	1995	BOMAG	BW120AD-2	Streets	35	\$41,524
157	2006	FREIGHTLINER	M2-106	Util	35	\$222,789
915	1992	GMC	G3500	Police	35	\$49,440
88	2004	STERLING	LT9511	Streets	34	\$272,950
970	1999	CHEVROLET	G20 VAN	Pool	33	\$39,140
679	2004	TORO	74252	Parks	33	\$13,659
3	2002	CATERPILLAR	248	Streets	33	\$84,872
1273	2005	VERMEER	BC1400 XL	Parks	33	\$37,132
623	1999	JOHN DEERE	6310	Parks	33	\$77,250
690	2004	TORO	74252	Parks	33	\$11,330
666	2005	TORO	74252	Parks	32	\$11,330
49	2005	FORD	F350	Streets	32	\$49,862
646	2005	DODGE	RAM 1500	Parks	26	\$24,401
132	2006	FORD	E450	Util	25	\$252,350
454	2007	FORD	TAURUS	Env. Hlth	21	\$17,484

**CITY OF BLOOMINGTON
FIRE CAPITAL REPLACEMENT SCHEDULE
2017**

UNIT #	TYPE	YEAR IN SERVICE	YEAR OF REPLACE	YEARS TO REPLACE	REPLACE- MENT COST	ASSIGNED	MILEAGE	MAKE	MODEL	COMMENTS
536	LADDER	1986	2006	0		Ladder 6	41380	Seagraves		In service as spare until 2017/18
1952	BOAT	1994	2014	-2	\$ 20,000.00	Boat 3		ZODIAC	Visage	Missed and moved to 2016
518	CHIEF	2008	2015	0	\$ 45,000.00	SPARE	13716	FORD	EXPEDITION	In service as spare Chief
528	RESCUE	1998	2015	0	\$ 400,000.00	RESCUE 1	21574	FREIGHTLINER	AIR/RESCUE	Ordered
	BOAT	1976	2016	0	\$ 20,000.00	BOAT 6		CADILLAC		
547	LADDER	1996	2016	0	\$ 800,000.00	LADDER 2	31600	LTI	AERIAL	Replacement ordered
529	BRUSH	2001	2017	1	\$ 45,000.00	BRUSH 2	4946	CHEVROLET	CK 3500	
530	BRUSH	2001	2017	1	\$ 45,000.00	BRUSH 4	4485	CHEVROLET	CK 3500	
521	CHIEF	2010	2017	1	\$ 45,000.00	CHIEF 7	25000	FORD	EXPEDITION	
520	CHIEF	2010	2017	1	\$ 45,000.00	CHIEF 5	12000	FORD	EXPEDITION	
519	CHIEF	2009	2017	0	\$ 45,000.00	FM 5	40000	CHEVROLET	TAHOE	Int'o Service as FMS
560	ATV	1999	2018	2	\$ 15,000.00	ATV 3	84 hours	POLARIS	RANGER	
1977	BOAT	2006	2018	2	\$ 20,000.00	BOAT 5		ZODIAC	MK2 GR	
526	BRUSH	2004	2019	3	\$ 45,000.00	BRUSH 5	3330	FORD	F 350	
545	LADDER	1999	2019	3	\$ 850,000.00	LADDER 5	18777	AI	AERIAL	
523	CHIEF	2013	2020	4	\$ 45,000.00	CHIEF 1		FORD	EXPEDITION	In service June 2013
524	CHIEF	2013	2020	4	\$ 45,000.00	CHIEF 2		FORD	EXPEDITION	In service July 2013
525	CHIEF	2013	2020	4	\$ 45,000.00	CHIEF 4		FORD	EXPEDITION	In service August 2013
527	UTILITY	2013	2020	4	\$ 45,000.00	UTILITY 1	11892	FORD	F350	In service July 2013
532	CHIEF	2014	2021	6	\$ 45,000.00	CHIEF 6		FORD	EXPEDITION	
511	ENGINE	2001	2021	5	\$ 400,000.00	ENGINE 33	30690	FREIGHTLINER	2000 GPM	Move to spare for remaining 5+ years
512	ENGINE	2001	2021	5	\$ 400,000.00	ENGINE 11	39250	FREIGHTLINER	2000 GPM	Move to spare for remaining 5+ years
510	ENGINE	2001	2021	5	\$ 400,000.00	ENGINE 55	46306	FREIGHTLINER	2000 GPM	Move to spare for remaining 5+ years
522	LADDER	2001	2021	5	\$ 1,000,000.00	LADDER 1	30218	LTI	PLATFORM	
561	SNOWMO	2012	2022	6	\$ 15,000.00	SNOW 1		POLARIS	IQ-LXT	
538	CHIEF	2015	2022	6	\$ 55,000.00	CHIEF 3		FORD	EXPEDITION	
539	CHIEF	2015	2022	6	\$ 55,000.00	FM 2		FORD	EXPEDITION	
565	ATV	2013	2023	7	\$ 15,000.00	ATV 1		POLARIS		
571	FM	2015	2023	7	\$ 45,000.00	FM 3		FORD	EXPLORER	
572	FM	2015	2023	7	\$ 45,000.00	FM 4		FORD	EXPLORER	
509	LADDER	2003	2023	7	\$ 1,000,000.00	LADDER 3	17404	GENERAL/Spartan	PLATFORM	
562	SNOWMO	2013	2023	7	\$ 15,000.00	SNOW 2		POLARIS		
	Inspector	2016	2023	7	\$ 40,000.00	FM 5		FORD	EXPLORER	Ordered
	ATV	2014	2024	8	\$ 15,000.00	ATV 2		POLARIS		
	BOAT	2014	2024	8	\$ 25,000.00	BOAT 1		AB		Hard Hull Inflatable
503	ENGINE	2009	2024	8	\$ 450,000.00	ENGINE 1	29841	FREIGHTLINER	2000 GPM	Move to spare for remaining 5+ years
502	ENGINE	2009	2024	8	\$ 450,000.00	ENGINE 6	25593	FREIGHTLINER	2000 GPM	Move to spare for remaining 5+ years
552	BRUSH	2011	2026	10	\$ 45,000.00	BRUSH 1	2867	FORD	F-350	
551	BRUSH	2011	2026	10	\$ 45,000.00	BRUSH 3	2099	FORD	F-350	
501	HAZMAT	2008	2028	12	\$ 500,000.00	HAZMAT TRUCK	3507	PIERCE	HAZMAT	
514	LADDER	2008	2028	12	\$ 1,000,000.00	LADDER 4	19615	GENERAL/Spartan	AERIAL	
513	ENGINE	2013	2028	12	\$ 450,000.00	ENGINE 2	6481	ROSENBAUR-GEN	2000 GPM	In service July 2013
531	BRUSH	2014	2029	13	\$ 45,000.00	Brush 6	458			
573	ENGINE	2016	2031	15	\$ 450,000.00	ENGINE 3		FREIGHTLINER	2000 GPM	In service March 2016
574	ENGINE	2016	2031	15	\$ 450,000.00	ENGINE 4		FREIGHTLINER	2000 GPM	In service March 2016
575	ENGINE	2016	2031	15	\$ 450,000.00	ENGINE 5		FREIGHTLINER	2000 GPM	In service March 2016

Annual Cost

2015	\$ 445,000
2016	\$ 1,840,000
2017	\$ 180,000
2018	\$ 35,000
2019	\$ 895,000
2020	\$ 180,000
2021	\$ 2,245,000
2022	\$ 15,000
2023	\$ 215,000
2024	\$ 1,070,000
2026	\$ 475,000
2027	-
2028	\$ 495,000
2029	\$ 45,000

FIRE SMALL EQUIPMENT SCHEDULE
 ORG 765605

Item	2015	2016	2017	2018
SCBA Replacement (2016-2018)				\$750,000.00
Thermal Imagers	\$15,000.00			
Chain Saws (kits)	\$4,400.00	\$4,400.00	\$4,400.00	
Hurst - Spreader	\$7,850.00	\$7,850.00		
Hurst - Cutter	\$5,150.00	\$5,150.00		
Hurst - Hose sets	\$1,440.00	\$1,500.00		
K12 Saws	\$3,000.00		\$3,000.00	
Wild Fire PPE	\$18,750.00	\$8,000.00	\$8,000.00	
4-Gas Meters	\$6,000.00	\$6,000.00	\$6,000.00	
Skid for ATV's	\$8,000.00			
Floto pump	\$5,000.00			
Air Bags HP		\$24,000.00		
Air Bags LP		\$10,000.00		
Vehicle Rescue Struts			\$10,000.00	
Portable Radios (25) ea			\$27,000.00	\$27,000.00
Hurst Power Units (ea)	\$8,500.00	\$17,000.00		
Duodotes			\$10,000.00	\$10,000.00
Station 1 AV Upgrade	\$67,000.00			
AED Trainers	\$2,000.00			
AEDs (ea)	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00
Hazmat Detection	\$30,000.00	\$10,000.00	\$10,000.00	\$10,000.00
Tech Rescue Equipment	\$10,000.00	\$11,100.00	\$10,000.00	\$10,000.00
Turnout Gear -		\$35,000.00	\$25,000.00	\$25,000.00
Fire Hose	\$33,000.00	\$15,000.00	\$25,000.00	\$25,000.00
Nozzles	\$21,000.00			
	\$251,090.00	\$160,000.00	\$143,400.00	\$862,000.00

**CITY OF BLOOMINGTON
POLICE SMALL EQUIPMENT DEPARTMENT 765604
CAPITAL PURCHASES 2014-2023**

<u>Item</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>Explanation</u>
Laser's	5,509	5,564	5,619	5,675	5,732	5,790	5,847	5,906	5,965	6,025	6,085	Replace 2 units per year on average, 32 units, \$1,700 each
AR-15's	0	0	8,181	8,263	8,345	8,429	8,513	8,598	8,684	8,771	8,859	AR Replacements begin in 2017, 9 per year, \$900 each, 45 guns
SWAT Rifles	0	0	0	0	0	0	0	0	0	39,600	0	18 Rifles at \$2,000 each-10 year replacement
Shotguns	0	0	9,292	9,292	0	0	0	0	0	0	0	Shotgun Replacement in 2017 and 2018, \$400 each, 46 guns
SWAT Helmets	0	0	0	8,000	0	0	0	0	8,400	0	0	5 yr schedule, \$369 each, 21 helmets
Defibs	0	0	0	0	0	0	0	0	49,500	0	0	40 units at \$1,125 each, replace in 2024
Smart Devices	0	6,594	0	0	6,792	0	0	6,996	0	0	7,205	32 devices, replace every 3 years/camera/recorder/phone
PBT's	1,836	1,855	1,873	1,892	1,911	1,930	1,949	1,969	1,988	2,008	2,028	Replace 3 per year, \$600 each, 35 units
Radar Units	5,646	5,702	5,759	5,817	5,875	5,934	5,993	6,053	6,114	6,175	6,237	\$2,795 each, 32 units replace 2 per year on average
Tasers	9,487	4,791	4,839	9,774	9,872	9,971	10,071	10,171	10,273	10,376	10,479	10 yr schedule 93 units, \$1,000 each
Tac Vests	0	0	0	45,000	0	0	0	0	47,250	0	0	5 yr schedule \$2,500 each, 18 vests
Speed Trailers	0	0	0	6,000	6,060	0	0	0	0	0	0	15 yr schedule, \$6,000 each, replace in 2019 and 2020
Glocks	1,212	450	450	450	3,750	3,788	3,825	3,864	3,902	3,941	3,981	10 year schedule, \$150 per gun after trade-in, 123 guns
Body/Squad Car	0	60,600	60,000	0	0	0	0	0	0	0	0	\$5,000 per unit each, 32 cameras
Annual Cost	23,690	85,555	96,014	100,163	48,337	35,841	36,199	43,556	142,077	76,896	44,874	



September 19, 2016

**2017-2018
PROPOSED
BUDGETS
INTERNAL SERVICE
FUNDS

Fund 7200
Public Safety Radio
Fund**

Fund 7200, Public Safety Radio

The Public Safety Radio Fund is the Internal Service Fund that supports the operations and replacement costs of the Public Safety Motorola 800MHz system in conjunction with the Metro Radio Board (MRB). Under this system, the MRB is responsible for replacement of the backbone.

The Radio Fund operates within three activities: "Radio Replacement and Operations", which supports the Motorola 800 *Megahertz* radio system; "Mobile Data Computers (MDC's)", which accounts for the maintenance and purchase of computers in Police and Fire vehicles; and "Fiber Optics", which covers the City's master plan for a Citywide Fiber Optic network.

One of the purposes of this fund is to accrue fund balance over time for large replacement purchases of radios and MDC's in the future. This fund has been building up fund balance for major purchases in 2016 and 2017. Portable radios need to be replaced approximately every eight years and mobile radios need to be replaced approximately every ten years. MDC's need to be replaced every four years.

"Radio Replacement & Operations" and "Mobile Data Computers (MDC's)"

Revenues

The "Radio Replacement and Operations" activities are funded through charges to Police, Fire, Public Works, and Public Health. MDC's are funded through charges to just Police and Fire. Charges for operations and future replacements are based on the number of radios and MDC's in each activity. Revenues from charges to departments for 2016 are \$471,690 for radios and \$141,949 for MDC's. Charges to departments for radios are budgeted at \$495,276 for 2017 and \$520,037 for 2018. Charges to departments for MDC's are budgeted at \$183,331 for 2017 and \$188,831 for 2018.

Expenses

Expenses for "Radio Replacement and Operations" and "MDC's" for 2016 are projected to be \$1,073,520. This includes \$755,695 for the replacement of radios and Fire MDC's. Requested budgeted expenses for 2017 are \$1,083,599 which include purchases of new Police radios, Fire radios, and Police MDC's of \$597,592. Requested budgeted expenses for 2018 are \$606,944 which include purchases of new Police radios of \$194,392. There is a budgeted transfer of \$180,000 to the E-911 Special Revenue fund in 2017 for a necessary update to the 911 Viper phone system. This money will be fully transferred back to the Radio fund by 2023.

“Fiber Optics”

The fiber optics plan was developed in 2008. It included constructing fiber optics routes to all key City facilities and to LOGIS. It was estimated to cost \$3.2 million to complete construction of all routes. At that time, the decision was made to set aside a certain amount of dollars annually to work towards completing construction of priority routes. The following budgets have contributed to fiber construction: Police Forfeiture & Seizure, Communications, Information Systems, and Public Works. Routes to Fire Station 1, LOGIS, Valley View Pool, Valley View Field House, Mall of America, Fire Station 3, Bloomington Ice Garden, and the Water Treatment Plant are complete. \$60,430 will be spent in 2016 for an expansion of the Metropolitan Area Fiber Optic network. \$40,000 is budgeted in 2017 for Public Works traffic conduit at American Boulevard. An additional \$40,000 is budgeted in 2018 for fiber from American Boulevard to the microwave tower on Nicollet. The remaining budgeted fund balance of \$96,482 will remain for smaller projects that may arise. Staff will continue to monitor the need for additional connections.

Overall Working Capital for Fund 7200

This fund’s working capital balance at year-end 2016 is estimated to be \$447,609. The working capital balance for the proposed 2017 Budget is \$7,617 and for the proposed 2018 Budget is \$75,421. A fifteen-year replacement schedule of equipment shows the working capital balance increasing over time for purchases of radios and MDC’s in future years.

The proposed working capital goals for 2017 and 2018 are as follows:

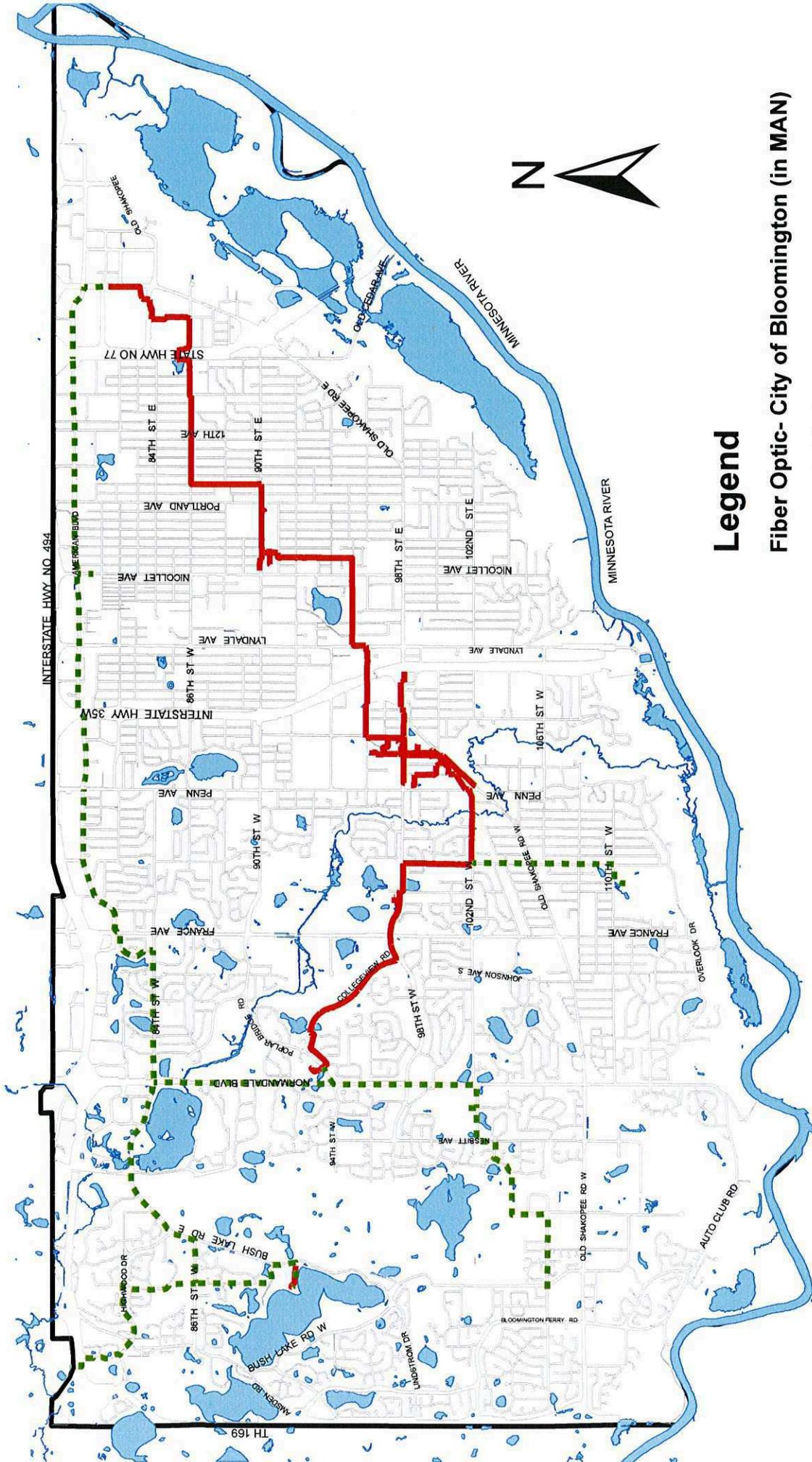
	<u>2017</u>	<u>2018</u>
• Cash Flow - 1/12 of annual operations	41,000	43,000
• Replacement of portables/mobiles & MDC’s	100,000	50,000
• Future Fiber-optics expenses	<u>136,482</u>	<u>96,482</u>
	\$277,482	\$189,482

Recommendation:

Staff recommends adoption of the City Manager’s Proposed 2017 & 2018 Public Safety Radio Fund Budget.

CITY OF BLOOMINGTON
PUBLIC SAFETY RADIO FUND - 7200
 Budget Summary

DESCRIPTION	2015 ACTUAL	2016 ORIGINAL BUDGET	2016 REVISED BUDGET	2016 PROJECTED	2017 PROPOSED	% CHANGE 2016 VS 2017	2018 CONCEPTUAL	% CHANGE 2017 VS 2018
Revenues:								
CHARGES TO DEPARTMENTS - RADIOS	451,668	471,690	471,690	471,690	495,276	5.0%	520,037	5.0%
CHARGES TO DEPARTMENTS - MDC'S	101,715	141,949	141,949	141,910	183,331	29.2%	188,831	3.0%
INTEREST	7,469	5,000	5,000	7,900	5,000	0.0%	5,000	0.0%
TRANSFERS IN	17,808	45,000	45,000	45,000	-	-100.0%	-	
TOTAL REVENUE	578,660	663,639	663,639	666,500	683,607	3.0%	713,868	4.4%
Expenses:								
SALARIES & BENEFITS	113,578	100,826	100,826	100,800	105,688	4.8%	109,430	3.5%
NEW RADIOS AND MDC'S	343,233	755,695	755,695	755,695	597,592	-20.9%	194,392	-67.5%
MATERIALS, SUPPLIES, AND SERVICES	200,209	193,945	193,945	217,025	200,319	3.3%	202,242	1.0%
BODY/SQUAD CAMERAS DATA FEES	-	-	-	-	-		100,000	
TRANSFERS OUT (E911 FUND)	90,000	-	-	-	180,000		-	
TOTAL RADIO AND MDC EXPENSES	747,020	1,050,466	1,050,466	1,073,520	1,083,599	3.2%	606,064	-44.1%
CAPITAL - FIBER OPTICS	-	96,000	96,000	60,000	40,000	-58.3%	40,000	
SERVICES - FIBER OPTICS	10,455	20,000	24,545	1,280	-	-100.0%	-	
TOTAL FIBER OPTICS EXPENSES	10,455	116,000	120,545	61,280	40,000	-65.5%	40,000	
TOTAL EXPENSES	757,475	1,166,466	1,171,011	1,134,800	1,123,599	-3.7%	646,064	-42.5%
NET GAIN (LOSS)	(178,815)	(502,827)	(507,372)	(468,300)	(439,992)	-12.5%	67,804	-115.4%
WORKING CAPITAL BALANCE	915,909	413,082	408,537	447,609	7,617		75,421	
WORKING CAPITAL GOAL:								
CASH FLOW - 1 MONTH	38,000	39,000	39,000	39,000	41,000		43,000	
RADIO AND MDC REPLACEMENT	500,000	250,000	250,000	250,000	100,000		50,000	
FIBER PROJECTS	237,762	121,762	117,217	176,482	136,482		96,482	
TOTAL GOAL	775,762	410,762	406,217	466,482	277,482		189,482	
EXCESS (DEFICIENT) WORKING CAPITAL	140,147	2,320	2,320	(17,873)	(269,865)		(114,061)	



Legend

Fiber Optic- City of Bloomington (in MAN)

- Installed
- - - Proposed



September 19, 2016

**2017-2018
PROPOSED
BUDGETS
INTERNAL SERVICE
FUNDS

Fund 7300
Self-Insurance Fund**

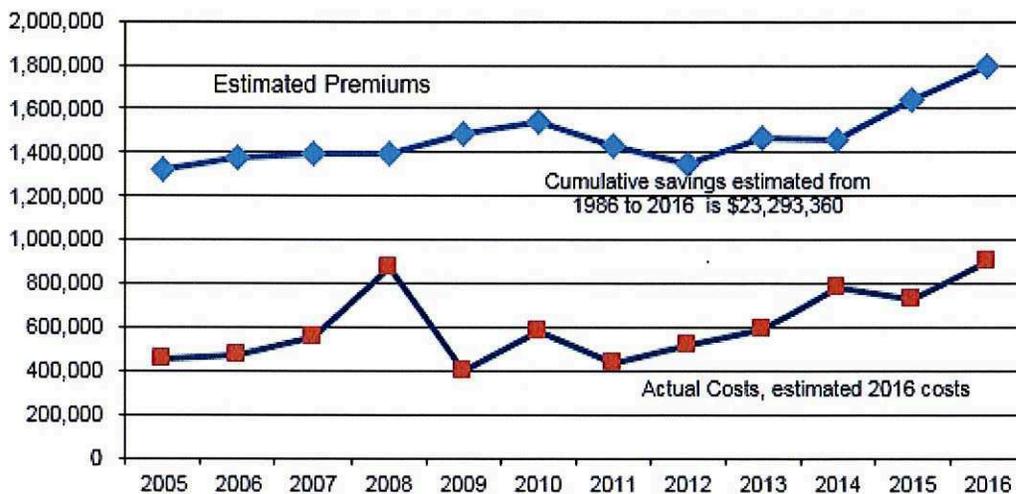
FUND 7300, Self-Insurance Fund

The Self-Insurance Fund was established to account for the City's worker's compensation program and liability insurance funds for which the City self-insures its retentions, including municipal, auto and property liability (property/casualty) coverage.

Issues

An actuarial study was done for this fund in 2016 to determine if the level of reserves was adequate to fund the City's liability programs. The study results showed that the level of funding in 2016 for auto, property and liability insurance was very close to what the actuarial determination of funding should be. Actuarial studies will be done every four or five years to determine the level of required reserves.

Staff reviewed the worker's compensation rates charged internally and realigned them more proportionately to market rates. Internal rates were increased to address the trend of increasing expense of claims. Even with the increase, the City's rates are approximately one-half of the market rates before experience modifications and discounts are factored into the commercial insurance product (see below). City Staff reviews and implements safe practices to keep down claims and liability.



Revenues

This activity generates revenue from departmental charges for worker's compensation; insurance premiums for auto, property and liability coverage; loss reimbursements; and interest earnings. Projected interest earnings for 2016 are \$22,300. Departmental charges are projected to total \$2,239,600 for 2016. For 2017 and 2018 the recommended budget for interest earnings is \$15,000 each year. For departmental charges the recommended budget is \$2,278,833 for 2017 and \$2,348,006 for 2018.

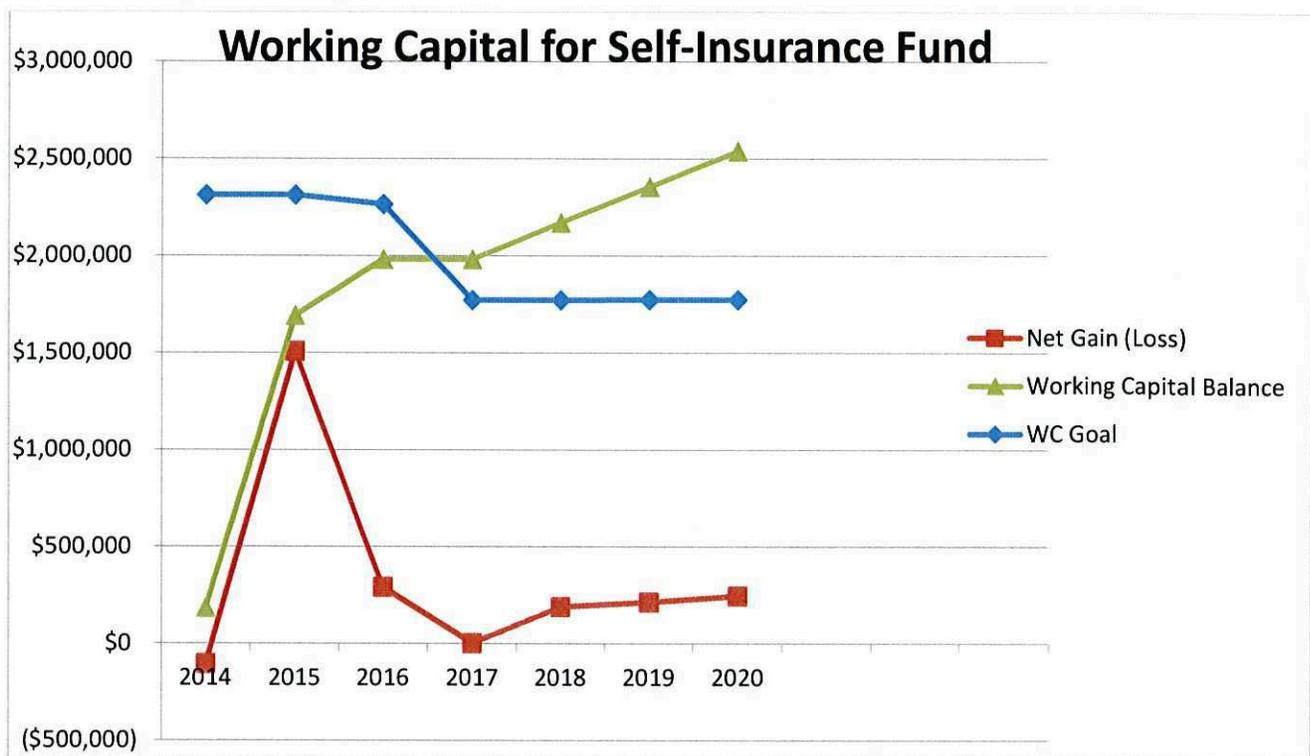
A transfer in from the Insured Benefits (life, health, dental and long-term disability insurances) Fund of \$500,000 was budgeted in 2015 to assist with paying for an increase in workers compensation and liability claims.

Expenses

In 2016, expenses are projected to be \$2,014,344. This includes charges for claims payments, claims expenses, the cost of insurance and charge-backs to the General Fund for staff time. For 2017, \$2,226,036 is budgeted for total expenses. For 2018 this amount is \$2,272,422. This amount includes reserves for claims from prior years in addition to the expense items listed above.

Working Capital

The working capital balance for this fund is projected to be \$1,938,577 by year-end 2016. With a \$67,798 increase in working capital balance budgeted in 2017, working capital will be \$2,006,375. A working capital goal of \$1,770,000 for 2017 is recommended. This amount includes the unpaid claims liability as calculated in the most recent actuarial report. For 2018 working capital will be \$2,096,958.



Recommendation

Staff recommends Council adoption of the City Manager's 2017 Proposed Self-Insurance Fund Budget and conceptual approval of the 2018 Budget.

**CITY OF BLOOMINGTON
SELF INSURANCE FUND - 7300**

Budget Summary

	2015	2016		2017		2018	
DESCRIPTION	ACTUAL	BUDGET	ESTIMATE	CITY MANAGER PROPOSED	% CHANGE FROM 2016	CITY MANAGER PROPOSED	% CHANGE FROM 2017
Self-Insurance General							
Revenues							
INTEREST EARNINGS	16,020	13,000	22,300	15,000	15.38%	15,000	0.00%
TRANSFERS IN	500,004	-	-				
REFUNDS/REIMBURSEMENTS	-						
TOTAL REVENUE	516,024	13,000	22,300	15,000	15.38%	15,000	0.00%
Expenditures							
TOTAL EXPENDITURES							
Net Gain (Loss)	516,024	13,000	22,300	15,000		15,000	
Worker's Compensation							
Revenues							
CHARGES TO DEPARTMENTS	812,542	850,000	849,945	884,907	4.11%	920,422	4.01%
TOTAL REVENUE	812,542	850,000	849,945	884,907		920,422	
Expenditures							
CLAIMS PAYMENTS	723,867	900,000	750,000	775,000	-13.89%	800,000	3.23%
CLAIMS EXPENSES	-	5,000	5,000	5,000	0.00%	5,000	0.00%
RESERVE CHANGES	(591,081)						
INSURANCE AND BONDS	165,969	146,514	146,514	149,884	2.30%	153,331	2.30%
TOTAL EXPENDITURES	298,755	1,051,514	901,514	929,884		958,331	
Net Gain (Loss)	513,787	(201,514)	(51,569)	(44,977)		(37,909)	
General/Special Liability							
Revenues							
CHARGES TO DEPARTMENTS	865,308	831,909	831,909	902,003	8.43%	931,649	3.29%
TOTAL REVENUE	865,308	831,909	831,909	902,003		931,649	
Expenditures							
SUPPORT SERVICES	74,676	70,117	70,117	71,708	2.27%	73,113	1.96%
CLAIMS PAYMENTS	91,680	100,000	75,000	268,000	168.00%	275,000	2.61%
CLAIMS EXPENSES	197,286	400,000	200,000	210,000	-47.50%	220,500	5.00%
RESERVE CHANGES	59,379						
INSURANCE AND BONDS	241,320	350,000	350,000	353,500	1.00%	357,035	1.00%
TOTAL EXPENDITURES	664,341	920,117	695,117	903,208		925,648	
Net Gain (Loss)	200,967	(88,208)	136,792	(1,205)		6,001	
Auto Liability							
Revenues							
CHARGES TO DEPARTMENTS	246,828	253,738	253,738	199,699	-21.30%	205,325	2.82%
TOTAL REVENUE	246,828	253,738	253,738	199,699		205,325	
Expenditures							
SUPPORT SERVICES	18,780	15,005	15,005	18,344	22.25%	18,734	2.13%
CLAIMS PAYMENTS	45,947	50,000	80,000	75,000	50.00%	60,000	-20.00%
CLAIMS EXPENSES	297	10,712	10,712	11,087	3.50%	11,475	3.50%
RESERVE CHANGES	(12,000)						
INSURANCE AND BONDS	79,286	87,000	87,000	89,610	3.00%	92,298	3.00%
TOTAL EXPENDITURES	132,310	162,717	192,717	194,041		182,507	
Net Gain (Loss)	114,518	91,021	61,021	5,658		22,818	
Property Liability							
Revenues							
CHARGES TO DEPARTMENTS	301,728	304,008	304,008	292,224	-3.88%	290,610	-0.55%
TOTAL REVENUE	301,728	304,008	304,008	292,224		290,610	
Expenditures							
SUPPORT SERVICES	25,872	21,996	21,996	25,668	16.69%	26,198	2.06%
CLAIMS PAYMENTS	-	20,000	58,000	22,000	10.00%	22,000	0.00%
CLAIMS EXPENSES	-						
INSURANCE AND BONDS	115,286	145,000	145,000	151,235	4.30%	157,738	4.30%
TOTAL EXPENDITURES	141,158	186,996	224,996	198,903		205,936	
Net Gain (Loss)	160,570	117,012	79,012	93,321		84,674	
NET GAIN (LOSS)	1,505,866	(68,689)	247,556	67,798		90,584	
WORKING CAPITAL BALANCE	1,691,021	1,622,332	1,938,577	2,006,375		2,096,958	
WORKING CAPITAL GOAL:							
Projection of 2010 Loss-Actuarial Report	2,311,498	2,264,000	2,264,000	1,770,000		1,771,000	

Total Dept. Charges	2,226,406	2,239,655	2,239,600	2,278,833		2,348,006	
Total Fund Revenues	2,742,430	2,252,655	2,261,900	2,293,833		2,363,006	
Total Fund Expenses	1,236,564	2,321,344	2,014,344	2,226,036		2,272,422	
Total Fund Gain (Loss)	1,505,866	(68,689)	247,556	67,798		90,584	



September 19, 2016

**2017-2018
PROPOSED
BUDGETS
INTERNAL SERVICE
FUNDS**

**Fund 7400
Insured Benefits**

FUND 7400 - INSURED BENEFITS

This fund accounts for the administration of employee benefits for health, dental, life, long-term disability, and short-term disability insurance. The purpose of the fund is to stabilize insurance expenses in departmental budgets and moderate large budget spikes due to increases in benefit costs, especially in the area of health insurance. Charges to departments change annually as the cost of providing benefits change, however the working capital of this fund can be used to absorb extraordinary increases.

The City changed health insurance providers in 2012 from Health Partners to Medica. There was a proposed 15% increase in rates for 2015. Therefore in 2014, the Benefits Committee, composed of the HR Director, the City's Benefits Consultant from Gallagher & Co., employee representatives from each union, and an employee representative for non-union employees, met several times to discuss possible health insurance plan design changes that could decrease health insurance premiums. The committee decided to eliminate the \$20 co-pay plan in 2015. With the elimination of the \$20 co-pay plan, the 15% increase in premiums was decreased to a 1% increase for City premium expenses in the 2015 budget. This shift was possible because the \$20 co-pay plan was extremely expensive compared to the other plans.

For 2016 Medica health insurance premiums, there was another proposed increase of 15% from the previous year. The Benefits Committee reviewed plan design changes for 2016 and in order to reduce total premium increases from 15% down to 8%, the deductible amounts for the HRA (Health Reimbursement Arrangement) High Deductible health insurance plans were increased from \$1,500 to \$2,600 for single coverage and \$3,000 to \$5,200 for two person and family coverage. In addition, the City added a new HSA (Health Savings Account) High Deductible health insurance plan option with the same high deductible amounts as the HRA plan. The \$30 co-pay plan remained.

State law requires public employers to seek competitive insurance proposals at least once every five years through a formal Request for Proposal (RFP) process. In 2016, the City submitted RFP's for both a Benefits Consultant and for medical, dental, life, and long term disability insurances. A new Benefits Consultant, NFP, was selected. The City convened the Employee Benefits Committee to discuss insurance plans from multiple companies. It was decided to stay with Medica for the City's health insurance which resulted in a reduction of health insurance premiums in 2017 while keeping the same plan options.

In 2008, the City implemented GASB Statement No. 45 - *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. The City does not pay for retiree health insurance premiums. However, since retirees are eligible, as required by State statute, to participate in the City's health insurance plan solely at their own expense but at the same premium rates as active employees, there is a liability due to the implicit rate subsidy. The City's annual Other Postemployment Benefits (OPEB) cost is calculated based on the Annual Required Contribution (ARC) of the employer, an amount actuarially determined in accordance with parameters of GASB Statement No. 45. The City's OPEB information is only recorded at the

government-wide statement presentation in the annual Comprehensive Financial Report. The Insured Benefits fund is not affected by this OPEB liability.

Revenues

As with other internal service funds, the Insured Benefits Fund collects revenues from various departments within the City. For 2016, departmental charges are projected at \$7,608,086. They are budgeted at \$7,965,110 in 2017 and \$8,520,555 in 2018. This fund also includes the employee contributions that are paid in the form of payroll deductions for the portion of premium costs that exceed the amount of the City's contribution. Monthly premiums are also received from retirees and former employees who choose to extend their coverage at their own expense. These payments are used to directly offset premium expenses for continued insurance benefits for these individuals, who are no longer employees.

Total 2017 revenues are budgeted at \$8,975,363 and in 2018 revenues are budgeted at \$9,784,094.

Expenses

Expenses consist of premiums paid to vendors for the various types of insurance benefits provided to employees. These premiums are for health insurance, dental insurance, life insurance, long-term disability insurance, and short-term disability insurance. There is also an expense for funding the health reimbursement arrangement or health savings account for the employees who choose the high deductible health insurance plans. Total expenses for 2016 are projected at \$10,026,861. Costs in 2017 are budgeted at \$9,217,351 and \$9,980,587 for 2018. A \$200,000 transfer to the General Fund was budgeted for 2016. There are no transfers out to other funds budgeted for 2017 or 2018.

Working Capital

The working capital goal for this fund is one month of expenses for the insured benefits paid in this fund as well as a reserve for anticipated future health insurance premium increases. Working capital for 2016 is projected to be \$1,592,069. The projected working capital for 2017 is \$1,350,081 and in 2018 it is projected to be \$1,153,588.

Recommendation

Staff recommends adoption of the City Manager's Proposed 2017 and 2018 Budgets for the Insured Benefits fund.

**CITY OF BLOOMINGTON
INSURED BENEFITS FUND (7400)
BUDGET SUMMARY**

	2014	2015	2016	2016	2017		2018	
DESCRIPTION	ACTUAL	ACTUAL	BUDGET	ESTIMATED	BUDGET REQUEST	2016/2017 % Change	BUDGET REQUEST	2017/2018 % Change
REVENUES								
City Contributions (Charged to Departments)	7,892,553	7,592,939	7,669,570	7,608,086	7,965,110	3.9%	8,520,555	7.0%
Employee / COBRA / Retiree Contributions	1,064,823	1,205,663	1,903,319	1,239,883	921,753	-51.6%	1,175,039	27.5%
Transfer from Fund 2800 (Pension Residual) for Disabled Public Safety Health Insurance	31,000	30,504	31,000	30,500	30,500	-1.6%	30,500	0.0%
State \$ for Disabled Public Safety Officer Health Ins.	29,182	24,743	25,000	25,000	25,000	0.0%	25,000	0.0%
Wellness \$ - Medica	25,000	25,000	25,000	25,000	25,000	0.0%	25,000	
Interest Income	27,445	26,096	8,000	8,000	8,000	0.0%	8,000	0.0%
TOTAL REVENUES	9,070,003	8,904,945	9,661,889	8,936,469	8,975,363	-7.1%	9,784,094	9.0%
EXPENSES								
Health Insurance Premiums (Employees, Retirees, COBRA)	7,123,500	7,606,037	8,118,823	7,942,203	7,425,960	-8.5%	8,168,556	10.0%
HRA Contributions	440,976	624,100	337,500	430,450	411,250	21.9%	411,250	0.0%
HSA Contributions	-	-	287,500	302,400	306,000	6.4%	307,750	0.6%
Third Party Administrator Contract - Genesis Fees	32,059	45,239	50,190	38,000	39,140	-22.0%	40,314	3.0%
Health Benefit Consultant Fees (NFP)	-	-	-	-	68,500		68,500	0.0%
Core Plus - Biometrics	19,986	17,192	20,400	31,200	31,200	52.9%	31,200	0.0%
\$150 Health Scorecard Program	16,954	12,831	17,000	13,850	13,850	-18.5%	13,850	0.0%
Wellness	20,641	1,017	1,400	9,631	8,000	471.4%	8,000	0.0%
OPEB Actuarial Calc/Fed Excise Tax	-	9,000	-	-	700		700	0.0%
Disabled Public Safety Officers Health Ins. Premiums	85,715	68,761	80,300	210,295	75,076	-6.5%	82,583	10.0%
Dental Insurance Premiums	591,402	610,541	607,700	582,226	589,000	-3.1%	594,890	1.0%
Life Insurance Premiums	144,564	141,275	152,000	152,000	142,075	-6.5%	143,496	1.0%
Long Term Disability Insurance Premiums	92,283	93,507	96,600	99,606	91,600	-5.2%	94,348	3.0%
Short Term Disability Insurance Premiums	13,675	14,568	15,000	15,000	15,000	0.0%	15,150	1.0%
Transfer out	-	1,000,000	200,000	200,000	-	-100.0%	-	
TOTAL EXPENSES	8,581,755	10,244,068	9,984,413	10,026,861	9,217,351	-7.7%	9,980,587	8.3%
NET GAIN (LOSS)	488,248	(1,339,123)	(322,524)	(1,090,391)	(241,988)		(196,492)	
WORKING CAPITAL BALANCE	4,021,583	2,682,460	2,359,936	1,592,069	1,350,081		1,153,588	
WORKING CAPITAL GOAL	2,715,000	2,854,000	2,832,000	2,336,000	1,768,000		1,832,000	
DIFFERENCE BETWEEN GOAL AND ACTUAL	1,306,583	(171,540)	(472,064)	(743,931)	(417,919)		(678,412)	



September 19, 2016

**2017-2018
PROPOSED
BUDGETS
INTERNAL SERVICE
FUNDS**

**Fund 7450
Accrued Benefits**

Fund 7450, Accrued Benefits

The Accrued Benefits Fund is the Internal Service Fund that records the assets and liabilities associated with employee accrued time off - vacation, personal leave, and compensatory time. The possibility of the City going out of existence and needing to fully fund this account to pay all of the employee accrued time off at one time is remote. However, we may someday be required by government accounting standards to be fully funded or have a plan to do so. Also, it does provide a confidence factor to employees knowing that this is fully (or substantially) funded.

	2015 Actual	2016 Budget	2016 Estimate	2017 Proposed	% Change from 2016	2018 Proposed	% Change from 2017
Total Revenue	\$2,223,019	\$1,411,800	\$1,387,700	\$2,304,303	63.2%	\$2,379,718	3.3%
Total Expense	\$1,914,394	\$1,815,284	\$1,815,200	\$1,873,738	3.2%	\$1,927,073	2.8%
Working Capital	(\$1,494,290)	(\$1,897,774)	\$(1,921,790)	\$(1,491,225)	(21.4)%	\$(1,038,580)	(30.4)%
WC Goal	\$0	\$0	\$0	\$0	0.0%	\$0	0.0%

Revenues

Revenues for this fund come from:

1. Charges to City departments that pay full-time salaries – allocated monthly.
2. Interest Income – allocated monthly.

In 2015, the rates charged to departments were 4.0% of full-time salaries. For 2016, a 3% rate was used. For 2017 and 2018 a 5% rate is proposed. Revenues from charges to departments for 2017 are projected to be \$2,209,103. In 2018 these charges are budgeted at \$2,275,418 and are included in the General Fund and other funds' budgets. Interest earnings for this fund in 2017 are proposed to be \$85,200. In 2018 interest is budgeted at \$104,300. A transfer in of \$500,000 from the Insured Benefits Fund (health, life, dental and long-term disability insurances) was received in 2015. Total revenues for 2017 are \$2,304,303 and in 2018 are \$2,379,718.

Expenses

Expenses for this fund come from:

1. Year end conversion of any accumulated Personal Leave hours over 1,000 hours to either a post retirement health care savings account (employee self-funded health care) or cash payout.
2. Payout of unused vacation, personal leave, and comp. time to employees leaving service (retirements, terminations, or leaving for new opportunities)
3. Year end accrual to cover future liabilities for employees leaving service with the City. This is based on a payroll report at the end of the year.

Statistics of Year End Personal Leave Hours Converted to Cash

Personal Leave Sent to Post Retirement Healthcare Savings Plan:

2009 = \$343,806.46 with 106 participants
2010 = \$378,593.40 with 110 participants
2011 = \$398,051.87 with 114 participants
2012 = \$398,344.14 with 114 participants
2013 = \$428,358.63 with 113 participants
2014 = \$440,061.97 with 121 participants
2015 = \$459,043.62 with 122 participants

Personal Leave Paid Out in Cash:

2009 = \$1,280.15 with 1 participant
2010 = \$4,237.32 with 2 participants
2011 = \$5,018.48 with 3 participants
2012 = \$5,826.28 with 3 participants
2013 = \$4,820.96 with 2 participants
2014 = \$3,512.08 with 2 participants
2015 = \$4,429.20 with 3 participants

These expenses are unpredictable and dependent on the timing of employees leaving service and the amount of accrued benefit hours. Projected expenditures for 2016 total \$1,815,284. Proposed expenditures for 2017 and 2018 are \$1,873,738 and \$1,927,073.

Working Capital

The Accrued Benefit Fund's net asset balance projected at year-end 2016 is a negative \$1,921,790. The net asset balance is budgeted at negative \$1,491,225 at year-end 2017 and negative \$1,038,580 at year-end 2018. A fifteen-year budget forecast shows the balance coming into positive territory in 2021. This result is dependent on keeping the rate for charges at 5.0% from 2017 through 2020.

For working capital, this fund only needs the amount of assets that offset the accrued liability for payments to employees. Using the alternate presentation of net assets as shown on the budget model, the goal for 2017 is \$15,035,381 and current assets less current liabilities are \$13,544,156, a difference of \$1,491,225.

Recommendation:

Staff recommends approval of the City Manager's 2017 Proposed Budget and conceptual approval of the 2018 budget.

CITY OF BLOOMINGTON
ACCRUED BENEFITS FUND - 625
 Budget Summary

DESCRIPTION	2015	2016		2017		2018	
	ACTUAL	ADOPTED BUDGET	ESTIMATE	CITY MANAGER'S PROPOSED	% CHANGE 2016/2017	CITY MANAGER'S PROPOSED	% CHANGE 2017/2018
Revenues							
CHARGES TO DEPARTMENTS	1,642,998	1,310,000	1,310,000	2,209,103	69%	2,275,418	3.0%
INTEREST EARNINGS	110,327	101,800	77,700	95,200	-6%	104,300	9.6%
OTHER	469,694	-	-	-		-	
TOTAL REVENUE	2,223,019	1,411,800	1,387,700	2,304,303	63%	2,379,718	3.3%
Expenditures							
WAGES & BENEFITS	1,462,862	1,200,000	1,315,200	1,332,901	11%	1,334,592	0.1%
CHANGES TO RESERVE	451,532	615,284	500,000	540,837	-12%	592,481	9.5%
TOTAL EXPENDITURES	1,914,394	1,815,284	1,815,200	1,873,738	3%	1,927,073	2.8%
NET GAIN (LOSS)	308,625	(403,484)	(427,500)	430,565	-207%	452,645	5.1%
NET ASSETS BALANCE	(1,494,290)	(1,897,774)	(1,921,790)	(1,491,225)		(1,038,580)	

Alternate Presentation of Net Assets

Current Assets minus CAFR Current	12,408,050	12,699,683	13,334,667	13,544,156	14,447,862
Liability (Benefits Payable) Net	13,902,340	14,597,457	15,256,457	15,035,381	15,486,442
	(1,494,290)	(1,897,774)	(1,921,790)	(1,491,225)	(1,038,580)



September 19, 2016

2017-2018 PROPOSED BUDGETS

INTERNAL SERVICE FUNDS

Fund 7500

Support Services Fund

Fund 7500, Support Services Fund

This fund consists of three different activities that support all City functions: Print Shop, Mailroom and the Information Desk, all managed by Community Services.

	2015 Actual	2016 Budget	2016 Estimate	2017 Proposed	2018 Conceptual
Total Revenue	\$415,534	\$478,671	\$472,000	\$498,047	\$532,742
Total Expense	\$460,748	\$508,208	\$470,994	\$510,699	\$624,724
Working Capital	\$186,111	\$156,574	\$187,117	\$174,465	\$82,483
WC Goal	\$42,600	\$164,468	\$163,956	\$142,800	\$69,200

Revenues

All revenues collected in excess of expenses within the Support Services Fund are used to build working capital in order to maintain service levels and provide for the replacement of capital equipment. Total departmental charges are proposed at \$491,547 for 2017. Charges for 2018 are budgeted at \$527,242 and are included in the General Fund and other funds' budgets. Total revenue for 2017 includes an additional \$6,500 for interest earnings and charges for outside print jobs.

Expenses

Proposed expenses for 2017 are \$510,699. Proposed expenses for 2018 are budgeted at \$624,724.

Working capital is accumulating to fund capital in 2018. Purchases will be \$85,000 for a duplicator and a color copier for the Print Shop in 2018. Please refer to the attached "Capital Schedule" for more detailed information.

Working Capital

Current projections indicate that the working capital for this fund will be \$187,117 by the end of 2016. Working capital is projected to decrease to \$12,652 by year-end 2017 and decrease by \$91,872 in 2018 to end at \$174,465 and \$82,483 respectively. The working capital goal for this fund is broken down as follows:

	<u>2017</u>	<u>2018</u>
• Operations (1 month cash flow)	\$50,300	\$54,200
• Print Shop/Mail Room Capital	92,500	15,000
Total Working Capital Goal	\$142,800	\$69,200

Recommendation

Staff recommends approval of the City Manager's 2017 Proposed Support Services Budget and conceptual approval of the 2018 budget.

CITY OF BLOOMINGTON
CAPITAL SCHEDULE 2017 THROUGH 2047

SUPPORT SERVICES (7500)

<u>YEAR OF PURCHASE</u>	<u>YEAR REPLACED</u>	<u>COST</u>	<u>ITEM</u>
2008	2017	0	
		0	
		50,000	COLOR COPIER - PRINTSHOP
2007	2018	35,000	BLACK & WHITE COPIER - PRINTSHOP
		85,000	
	2019		
		0	
	2020	0	
		0	
2015	2021	30,000	MAIL MACHINE
		30,000	
2013	2022	0	
		0	
	2023	0	
		0	
2018	2024	0	
		0	
2016	2025	25,000	DUPLICATOR - PRINTSHOP
		25,000	
2018	2026	40,000	BLACK & WHITE COPIER - PRINTSHOP
		40,000	
2021	2027	35,000	MAIL MACHINE
2017	2027	79,750	COLOR COPIER - PRINTSHOP
		114,750	
2023	2028		
2023	2029	50,000	
		50,000	
	2030		
		0	
	2031		
	2032		
		0	
2027	2033	35,000	MAIL MACHINE
		35,000	
2026	2034	45,000	BLACK & WHITE COPIER - PRINTSHOP
		45,000	
2025	2035	35,000	DUPLICATOR - PRINTSHOP
		35,000	
2024	2036	0	
		0	
2027	2037	79,750	COLOR COPIER - PRINTSHOP
		79,750	
	2038	0	

**SUPPORT SERVICES
BUDGET SUMMARY FUND 7500**

DESCRIPTION	2015	2016		2017		2018	
	ACTUAL	ADOPTED	ESTIMATE	CITY MGR. PROPOSED	% CHANGE 2016/2017	CITY MGR. CONCEPTUAL	% CHANGE 2017/2018
PRINTSHOP 760901							
REVENUES							
INTEREST	1,841	2,000	2,000	3,000	50%	2,000	-33%
OTHER REVENUE	3,521	1,200	1,200	3,500	192%	3,500	0%
DEPARTMENTAL CHARGES	104,697	147,900	141,229	148,263	0%	156,747	6%
TOTAL REVENUES	110,059	151,100	144,429	154,763	2%	162,247	5%
EXPENSES							
WAGES & BENEFITS	75,123	76,085	76,051	79,315	4%	82,033	3%
MATERIALS & SUPPLIES	92,484	114,932	92,158	117,137	2%	120,887	3%
CAPITAL	0	0	15,594	0		85,000	
TOTAL EXPENSES	167,607	191,017	183,803	196,452	3%	287,920	47%
NET GAIN (LOSS)	(57,548)	(39,917)	(39,374)	(41,689)	4%	(125,673)	201%
Interfund transfer of working capital							
WORKING CAPITAL	36,681	(3,236)	(2,693)	(44,382)		(170,055)	
WORKING CAPITAL GOAL	8,700	98,568	98,056	97,400		13,100	
MAILROOM 760902							
REVENUES							
DEPARTMENTAL CHARGES	204,259	223,765	223,765	232,268	4%	248,373	6.93%
EXPENSES							
WAGES & BENEFITS	53,456	55,441	55,441	57,232	3%	58,837	2.80%
MATERIALS & SUPPLIES	126,025	154,967	124,967	142,343	-8%	157,851	10.89%
CAPITAL	0	0	0	0		0	
TRANSFER OUT	14,945						
TOTAL EXPENSES	194,426	210,408	180,408	199,575	-5%	216,688	8.57%
NET GAIN (LOSS)	9,833	13,357	43,357	32,693	145%	31,685	-3.08%
Interfund transfer of working capital							
WORKING CAPITAL	116,078	129,435	159,435	192,128		223,813	
WORKING CAPITAL GOAL	17,000	48,600	48,600	26,900		35,700	
INFORMATION DESK 760903							
REVENUES							
DEPARTMENTAL CHARGES	101,216	103,806	103,806	111,016	7%	122,122	10.00%
EXPENSES							
WAGES & BENEFITS	66,274	73,908	73,908	82,529	12%	86,122	4.35%
MATERIALS & SUPPLIES	32,441	32,875	32,875	32,143	-2%	33,994	5.76%
CAPITAL	0	0	0	0		0	
TOTAL EXPENSES	98,715	106,783	106,783	114,672	7%	120,116	4.75%
NET GAIN (LOSS)	2,501	(2,977)	(2,977)	(3,656)	23%	2,006	-154.87%
Interfund transfer of working capital							
WORKING CAPITAL	33,352	30,375	30,375	26,719		28,725	
WORKING CAPITAL GOAL	16,900	17,300	17,300	18,500		20,400	
TOTAL Departmental Charges	410,172	475,471	468,800	491,547	3%	527,242	7.26%
TOTAL Revenue	415,534	478,671	472,000	498,047	4%	532,742	6.97%
TOTAL Fund Expenses	460,748	508,208	470,994	510,699	0%	624,724	22.33%
TOTAL Working Capital	186,111	156,574	187,117	174,465		82,483	
WORKING CAPITAL GOAL:							
TELEPHONE WORKING CAP. GOAL	16,900	17,300	17,300	18,500		20,400	
MAILROOM WC GOAL	17,000	48,600	48,600	26,900		35,700	
PRINTSHOP WC GOAL	8,700	98,568	98,056	97,400		13,100	
TOTAL	42,600	164,468	163,956	142,800		69,200	



September 19, 2016

**2017-2018
PROPOSED
BUDGETS
INTERNAL SERVICE
FUNDS
Fund 7600
Information Systems**

Fund 7600, Information Systems

A Steering Committee made up of the Executive Management Team approves the work plan and policies related to Information Systems (IS). During the annual budget process, each Department/Division prepares a request for needed hardware or software upgrades and replacements. Those requests are reviewed by the Information Systems staff, which then forwards a recommendation to the Steering Committee for their approval.

The Information Systems includes two activities: Maintenance and Support; and Replacement. Maintenance & Support includes general IS operations and responsibility for the physical telephone system. Equipment Replacement includes funding and costs associated with the purchase of both new and replacement equipment. New equipment expenditures are approved as described earlier based on this funding. The total cost of Information Systems Maintenance and Replacement is approximately 5% of total operations of the City.

Graphics was previously included in this fund. User fees are still collected in this fund and transferred to Communications for the graphics activity.

	2015 Actual	2016 Adopted	2016 Estimate	2017 Proposed	% Change	2018 Conceptual	% Change
Total Revenue	\$4,731,217	\$4,804,255	\$4,790,200	\$4,960,370	3.2%	\$5,211,886	5.1%
Total Expense	\$5,046,247	\$4,985,057	\$6,020,829	\$5,477,274	9.9%	\$5,772,222	5.4%
Working Capital	\$3,080,008	\$2,899,206	\$1,849,379	\$1,332,475	(54.0)%	\$772,140	(42.1)%
WC Goal	\$831,070	\$1,064,070	\$1,604,070	\$1,075,070	1.0%	\$1,230,070	14.4%

Maintenance and Support (740101)

Revenues

Total revenue is proposed to be \$4,069,120 in 2017 and \$4,261,636 in 2018. These departmental charges including computer, web access and telephone charges. These charges are included in the General Fund and other funds' budgets.

Expenses

Total expenses are proposed to be \$4,272,704 in 2017 and \$4,438,151 for 2018. Proposed expenses include the transfer out to the Communications Fund for Graphics.

Working Capital

This activity is budgeted to generate a working capital loss of \$203,584 in 2017 and \$176,515 in 2018. Working capital is proposed to be \$563,572 at year-end 2017 and \$387,057 for 2018. The working capital goal for this activity is \$306,000 in 2017 and \$321,000 in 2018 and consists of one month of fees for operations.

Equipment Replacement (740102)

Revenues

Proposed departmental charges for 2017 and 2018 are \$869,250 and \$930,250 and are included in the General Fund and other funds' budgets. Total proposed 2017 and 2018 revenue of \$891,250 and \$950,250 which includes \$22,000 for investment interest earnings in 2017 and \$20,000 for 2018.

Expenses

Proposed expenses for 2017 and 2018 are \$1,204,570 and \$1,334,071 which includes capital of \$311,000 in 2017 for network upgrades, network switches and technology upgrades. Capital of \$405,000 in 2018 technology and network upgrades. Proposed expenses also include the second and third repayment for a loan from Strategic Priorities taken in 2014.

Following is a list of planned systems replacements and new acquisitions for 2016. All items are included in the current budget model.

2017

- \$50,000 Council Chambers technology update
- \$84,000 network switch replacement
- \$50,000 network upgrades
- \$61,000 IS office configuration
- \$40,000 conference room upgrades
- \$26,000 wireless amplification for Water Treatment Plant

2018

- \$300,000 storage area network replacement
- \$40,000 conference room upgrades
- \$25,000 network upgrades
- \$40,000 BGP hardware

Working Capital

The estimated working capital for 2016 is \$1,849,379. In 2017 the working capital is proposed to be \$1,332,475. The working capital goal in 2017 for this activity is \$1,075,070, which includes:

- \$300,000 for equipment replacement
- \$150,000 for SAN storage
- \$306,000 for operations
- \$160,000 for GIS projects and
- \$159,070 for payments to LOGIS for the public safety system.

This working capital goal includes the gradual accumulation of funding for large projects to allow the flexibility of pay-as-you-go financing. The volatility of this activity is a challenge to long-term planning, but a fifteen year plan is in place to monitor the working capital balance and the goal through 2031.

Recommendation:

Staff recommends approval of the City Manager's 2017 Proposed Budget and conceptual approval of the 2018 budget.

**CITY OF BLOOMINGTON, MN
INFORMATION SYSTEMS FUND - 7600
BUDGET SUMMARY**

	2015	2016			2017	2018
	ACTUAL	ADOPTED BUDGET	AMENDED BUDGET	ESTIMATE	CITY MGR PROPOSED	CITY MGR CONCEPTUAL
MAINTENANCE & SUPPORT (INCLUDING GIS) 740101						
REVENUES						
CHARGES TO DEPARTMENTS	3,782,102	3,853,029	3,853,029	3,852,429	4,069,120	4,261,636
TRANSFERS IN	-	-	-	-	-	-
OTHER REVENUE	3,908	-	-	4,600	-	-
TOTAL REV & TRANSFERS IN	3,786,010	3,853,029	3,853,029	3,857,029	4,069,120	4,261,636
EXPENDITURES						
SALARIES/WAGES/BENEFITS	1,602,942	1,520,825	1,520,825	1,469,300	1,618,263	1,672,779
MATERIALS/SUPPLIES/SERVICES	2,033,918	2,232,484	2,264,484	2,200,000	2,469,321	2,571,366
CAPITAL OUTLAY						
TRANSFERS OUT	122,124	128,029	128,029	128,029	185,120	194,006
TOTAL EXP. & TRANSFERS OUT	3,758,984	3,881,338	3,913,338	3,797,329	4,272,704	4,438,151
GAIN (LOSS)	27,026	(28,309)	(60,309)	59,700	(203,584)	(176,515)
TRANSFER OF WORKING CAPITAL	-	-	-	-	-	-
WORKING CAPITAL BALANCE	707,456	679,147	647,147	767,156	563,572	387,057
WORKING CAPITAL GOAL	289,000	293,000	293,000	293,000	306,000	321,000
EQUIPMENT REPLACEMENT 740102						
REVENUES						
CHARGES TO DEPARTMENTS	924,816	928,226	928,226	923,171	869,250	930,250
INTEREST	20,391	23,000	23,000	10,000	22,000	20,000
TRANSFERS IN	-	-	-	-	-	-
TOTAL REV & TRANSFERS IN	945,207	951,226	951,226	933,171	891,250	950,250
EXPENDITURES						
MATERIALS/SUPPLIES/SERVICES	1,094,546	770,719	1,425,719	1,823,500	693,570	729,071
CAPITAL OUTLAY	132,717	133,000	304,000	200,000	311,000	405,000
TRANSFERS OUT	60,000	200,000	200,000	200,000	200,000	200,000
TOTAL EXP. & TRANSFERS OUT	1,287,263	1,103,719	1,929,719	2,223,500	1,204,570	1,334,071
GAIN (LOSS)	(342,056)	(152,493)	(978,493)	(1,290,329)	(313,320)	(383,821)
TRANSFER OF WORKING CAPITAL	-	-	-	-	-	-
WORKING CAPITAL BALANCE	2,372,552	2,220,059	1,394,059	1,082,223	768,903	385,082
WORKING CAPITAL GOAL	542,070	765,070	765,070	765,070	769,070	909,070
TOTAL FUND REVENUES	4,731,217	4,804,255	4,804,255	4,790,200	4,960,370	5,211,886
TOTAL FUND EXPENDITURES	5,046,247	4,985,057	5,843,057	6,020,829	5,477,274	5,772,222
FUND NET GAIN (LOSS)	(315,030)	(180,802)	(1,038,802)	(1,230,629)	(516,904)	(560,336)
TOTAL FUND WORKING CAPITAL	3,080,008	2,899,206	2,041,206	1,849,379	1,332,475	772,140

WORKING CAPITAL GOAL:

Operations/GIS (1 month cash flow)		306,000	321,000
Replacement (major components)		300,000	300,000
GIS		90,000	-
SAN		150,000	150,000
Financial System			-
Network Switches		-	300,000
Public Safety Systems		159,070	159,070
GIS Reserve		70,000	-
TOTAL WORKING CAPITAL GOAL		1,075,070	1,230,070

WC Excess/(Deficiency)

		257,405	(457,930)
Operations and Replacement Deptl Charge	4,706,918	4,781,255	4,781,255
		4,775,600	4,938,370
			5,191,886

CITY OF BLOOMINGTON

2017 COMPUTER SOFTWARE/HARDWARE REQUESTS

DEPT/DIV	FUNDING STATUS	DESCRIPTION	HARDWARE \$	SOFTWARE \$	OTHER \$	MISC \$	TOTAL \$
Community Development							
Environmental Health	IS	Inspection Software	10,000	100,000		10,000	120,000
Environmental Health	IS	Large Monitor for blue print review	1,000				1,000
Environmental Health	IS	Large format scanner	5,000				5,000
Community Services							
Public Health	PH	Additional Computer (not included in B-10 budget)					0
Communications	IS	Council Chambers Presentation Equipment Replacement	50,000			10,000	60,000
Finance	IS	Plan-IT Software (for CIP) Annual Maintenance			1,350		1,350
Fire	IS or Fire/EM	4 Ruggedized Laptops for EOC	8,000				8,000
Human Resources	IS	Equipment for Telecommuting Pilot Project	26,500		5,000		31,500
Public Works							
Maintenance	IS	VueWorks Annual Maintenance			20,000		20,000
Maintenance	IS	Asset Works FleetFocus Annual Maintenance (IS already paying maintenance)			22,000		22,000
Technical Services							
SUBTOTALS			\$100,500	\$100,000	\$48,350	\$20,000	\$268,850
Activity			56990/57060	52070	53320	52990	
Summary Totals							
A - (Approved) D - (Deleted) IS - (IS FUNDED)							
Information Systems							
		PC Replacements (100 @ \$850 each)				85,000	85,000
		Laptop Replacements (15 @ \$2000)				30,000	30,000
		Replace/Upgrade Laser Printers, plotter				26,000	26,000
		Contractual services			40,000		40,000
		Software - GIS, Public Safety, Single Sign On, MUNIS DR		387,070			387,070
		Software upgrades (misc)		15,000			15,000
		Network Software Upgrades - MDM, VM Ware, NAGIOS, AD Rights,		89,500			89,500
		Network Infrastructure - Switch, Video Conference Pilot, UPS Replacement	52,000			65,000	117,000
		Storage					0
		Copiers					
INFORMATION SYSTEMS TOTAL			\$52,000	\$491,570	\$40,000	\$206,000	\$789,570
TOTALS			\$152,500	\$591,570	\$88,350	\$226,000	\$1,058,420
Activity			56990/57060	52070	52990	56990	



September 19, 2016

**2017-2018
PROPOSED
BUDGETS
INTERNAL SERVICE
FUNDS**

**Fund 7700
Facilities and Parks
Maintenance**

Fund 7700, Facility & Parks Maintenance

The Facility & Parks Maintenance Fund accounts for the operation and maintenance of, and capital improvement to, most City buildings. This includes the Civic Plaza, Creekside Community Center, the Public Health building, Public Works Facility, fire stations and equipment storage facilities. Those facilities not covered include the golf courses and the ice rink. The user charges for operations and replacement are annually realigned in a fifteen-year planning model to better meet the working capital goals of this fund on a long-term basis.

A study was done in 2014 to determine critical needs for City buildings. Included in the long-term model for this fund is funding for some of the most needed repairs and replacements.

Civic Plaza, Public Works, Creekside, Public Health

While Civic Plaza and the Public Works buildings are relatively new and in good condition, Creekside Community Center was constructed in 1960 and has surpassed its useful life. It currently is in need of a new roof, carpet and several smaller maintenance projects. The Public Health building was constructed in 1960 for Public Works. The building was remodeled and expanded in 1981 for Public Health. The mechanical system is outdated and needs replacement. The main buildings in the Civic Plaza campus have a valuation of approximately \$80,000,000. The buildings have approximately 500,000 square feet

Parks Buildings

There are 38 park buildings. Six of the buildings are termed "temporary" park shelters. They are approximately 50 years old and have outlived their design and construction. 14 of the buildings are small park buildings and were constructed in the 1960's and 70's. They have reached the end of their useful life and a long term plan needs to be developed for which buildings should be replaced. The Valley View complex has five buildings with the field house near the end of its expected life. The pool bath house underwent renovation in 2012. The rest of the buildings vary in age and condition and are located at Bush Lake, Dred Scott, Mount Normandale and Moir Parks.

Fire Stations

There are six fire stations. Stations #2-and #6 were built in the 1960-70's and are nearing renewal/replacement age. Operational changes and the size of fire trucks today require larger and different designs for new stations. Fire Station #1 was constructed in 1993 and is in good condition. The roof was replaced in 2012 and the roof at Fire Station #5 was replaced in 2013. The total valuation for the Fire stations is over \$12,000,000. The six fire stations have 48,956 square feet.

Energy Conservation

Facilities staff continues to look for ways to save energy. A lighting project to conserve energy in the Public Works Garage was completed in 2013 with Xcel estimating \$4,000 in energy savings per year. Touchless faucets and flush valves were installed at Civic Plaza to reduce water consumption. New controls were added to the Civic Plaza HVAC System to reduce heating and cooling requirements.

Background

There are six activities within the Facility and Parks Maintenance Fund. These activities are Facilities Maintenance, Parks/Median Maintenance, Parks Facilities Maintenance, Fire Station Maintenance, Cemetery Maintenance and Facilities Replacement. Nothing is budgeted for the Park/Median Maintenance activity because there is no funding.

Facilities Maintenance 765701

This activity accounts for the facilities maintenance activity which includes electricity, natural gas and other utilities, the cleaning contract, daily maintenance and minor repairs.

Revenues

Departmental fees are the main source of revenue for this activity. Proposed departmental charges for 2017 are \$3,552,098. Departmental charges for 2018 are \$3,765,249. These charges are included in the General Fund and other funds' budgets. Approximately 65% of these charges are located in the General Fund and represent 3% of total General Fund expenses.

Expenses

Total expenses for 2017 are proposed to be \$3,586,423. Proposed expenses for 2018 are \$3,646,725.

Working Capital

Projected working capital at year-end 2016 is \$1,870,590. Working capital at year-end 2017 is projected to be \$543,315 after a planned spend down of \$27,275 and a transfer of working capital to the Replacement activity of \$1,300,000. Working capital for 2018 is proposed to be \$670,839. This activity is undergoing some modifications which will help track expenses more closely and account for more capital projects in the Replacement activity. The working capital goal for this activity is two months of operating expenses, or \$598,000, for 2017 and \$608,000 for 2018. There is a long-term plan in place for this activity to monitor working capital compared with the working capital goal.

Parks Facility Maintenance 765704

This activity provides for the maintenance of miscellaneous City park buildings and other park assets. A restructuring of Public Works charges for Parks Maintenance activities provides for funding in a consolidated account in this fund. All park maintenance related costs appear here instead of part here and part in the General Fund and will be funded by a comparable charge to the General Fund. Another aspect of this restructuring is extensive use of work orders to facilitate reporting and accurate location of work done for charges allocated.

Revenues

As noted, this activity is funded by charges to the Parks and Recreation Department. Revenue for 2017 is proposed to be \$5,854,791. The proposed budget for 2018 is \$6,151,215.

Expenses

Proposed 2017 expenses are \$5,729,643. Budgeted expenditures for 2018 are \$5,965,941.

Fire Station Maintenance 765705

This activity provides for the maintenance of all the City fire stations.

Revenues

This activity is funded by charges to the Fire Department. Revenue for 2017 is proposed to be \$319,675. The budget for 2018 is \$329,247.

Expenses

Proposed 2017 expenses are \$211,507. The 2018 budget is \$214,887.

Working Capital

Working capital for 2017 is proposed to be \$118,159 after a transfer of working capital to the Replacement activity with a goal of \$127,000. For 2018 working capital is \$132,519 after a transfer of working capital to the Replacement activity with a goal of \$127,000.

Cemetery Maintenance 765706

This activity provides for the maintenance of the City cemetery. This activity was formerly found in both Public Works and the City Clerk's Office in the General Fund. Total revenues and expenses for the cemetery operations are in a separate Cemetery Fund.

Revenues

This activity is funded by charges to the Cemetery Fund. Revenue for 2017 is proposed to be \$166,541. The budget for 2018 is \$125,638.

Expenses

Proposed expenses for 2017 are \$120,492 with a working capital balance of \$46,049. The proposed budget for 2018 is \$125,638 with a working capital balance of \$0.

Facilities Capital Improvement and Replacement – Police/City Hall 765702

This activity was developed in the same fashion as the City has developed the equipment replacement, PMP and the utility asset management system for infrastructure replacement to make the City organization even more sustainable in its service delivery by renewing and replacing its facilities when most cost effective over the long term. The fund's current concentration is on renewing major components to older City facilities, such as roof, HVAC and parking lot repairs and replacements. The long-term plan for this fund is to continue component replacement as well as having internal funding of accumulated depreciation to replace facilities that are beyond their useful life. Starting in 2012, Fire Station capital items were included in this budget.

Revenues

Revenues consist mainly of charges to departments and investment interest. Total revenue for 2017 is proposed to be \$6,300,911 which includes \$4,000,000 of bond proceeds to fund a new fire station. Charges to departments for 2017 are budgeted at \$2,262,661. These charges are included in the General Fund and other funds' budgets. Approximately 36% of these charges are located in the General Fund. Total revenues for 2018 are budgeted at \$2,561,961 which includes interest earnings.

Expenses

In 2014 Facilities Maintenance funded a Facilities study. The purpose of the study was to evaluate City buildings and building components, identify future capital repairs and develop a life cycle plan for the buildings. This Facilities study is similar to the Pavement Management Program for streets, the Fleet program for equipment and Asset Management for water, sanitary sewer and storm sewer utilities. These long range plans provide an initial assessment of the asset, create a capital improvement plan, and establish a life cycle and potential replacement schedule.

The major components of a building have scheduled maintenance intervals and an expected life cycle as shown in the following:

- Roofing: 15-20 years for single ply rock ballasted; 20-25 years for three ply bituminous. The newer buildings have the single ply roof.
- Mechanical: small units such as furnaces have a 15-20 year life. Roof top units 25 year life. Boilers 50 years. Chillers 25 years. Infra-red heaters 10 years.
- Parking lots. Seal coat every 7 years, Overlay 21 years, reconstruct 45 years.
- Doors (exterior and garage): 15-20 years.
- Technical: (Closed Circuit TV, key cards system): 10-15 years.
- Landscaping: 12-16 years.
- Flooring/carpeting: 5-10 years.

As a separate initiative, Facilities staff will be working with other City staff to determine if smaller outbuildings and park buildings still meet the needs of the occupants or the primary using departments. Those buildings no longer necessary to City functions could be eliminated.

Debt service payments for Civic Plaza construction began in 2001 and continue until 2021. This debt has been refinanced with lower payments and the same debt service ending date. Payment of \$663,723 is budgeted for 2017 for debt service on these bonds.

Capital expenses of \$5,850,000 are proposed for 2017 which includes \$4,000,000 for a new fire station. Capital expenses of \$1,650,000 are planned for 2018 which includes roofing replacement and parking lot paving for selected City facilities that are now beyond their useful life. Projects were chosen from the facilities study based on need and available funding.

Working Capital

Estimated working capital at year end 2016 is \$5,510,849. Proposed working capital for 2017 is \$6,488,037 which includes transfers of working capital from Operations and the Fire Station Maintenance activities. The working capital goal for this activity is \$6,719,582 for 2017, which provides the capacity to begin to grow reserves for major capital component replacement. Working capital for 2018 is \$5,886,985 with a working capital goal of \$6,921,169.

Recommendation

Staff recommends adoption of the City Manager's 2017 Proposed Budget and conceptual approval of the 2018 budget.

CITY OF BLOOMINGTON
FACILITY & PARKS MAINTENANCE - FUND 7700
BUDGET SUMMARY

DESCRIPTION	2015	2016		2017		2018		
	ACTUAL	ACTUAL	ESTIMATE	ADOPTED BUDGET	% CHANGE 2014/2015	PROPOSED	% CHANGE 2015/2016	
MAINTENANCE (6901)								
REVENUES								
CHARGES TO DEPARTMENTS	3,138,492	3,533,896	3,533,896	3,532,897	3,552,098	0.5%	3,765,249	6.0%
TRANSFER-IN	0	0	0	0	0		0	
OTHER	3,976	300	300	7,600	300	0.0%	300	0.0%
INTEREST	6,000	4,200	4,200	7,605	6,750	60.7%	8,700	28.9%
TOTAL REVENUES	3,148,468	3,538,396	3,538,396	3,548,102	3,559,148	0.6%	3,774,249	6.0%
EXPENSES								
WAGES & BENEFITS	845,840	1,117,718	1,117,718	933,585	963,474	-13.8%	976,825	1.4%
MATERIALS & SUPPLIES	2,276,316	2,646,294	2,646,294	1,739,018	2,622,949	-0.9%	2,669,900	1.8%
CAPITAL	0	0	116,500	0	0		0	
TRANSFER OUT	0	0	0	0	0		0	
TOTAL EXPENSES	3,122,156	3,764,012	3,880,512	2,672,603	3,586,423	-4.7%	3,646,725	1.7%
GAIN (LOSS)	26,312	(225,616)	(342,116)	875,499	(27,275)		127,524	
WORKING CAPITAL BALANCE	995,091	413,364	652,974	1,870,590	543,315		670,839	
WORKING CAPITAL GOAL	260,000	289,000	289,000	289,000	598,000		608,000	
PARKS FACILITY MAINTENANCE (6910)								
REVENUES								
CHARGES TO DEPARTMENTS	5,155,709	5,841,538	5,841,538	5,841,538	5,854,791	0.2%	6,151,215	5.1%
OTHER REVENUE	16,676	0	0	0	0		0	
TOTAL REVENUES	5,172,385	5,841,538	5,841,538	5,841,538	5,854,791	0.2%	6,151,215	5.1%
EXPENSES								
WAGES & BENEFITS	2,379,688	2,774,207	2,774,207	2,667,764	2,870,455	3.5%	2,902,532	1.1%
MATERIALS & SUPPLIES	2,380,477	2,675,766	2,675,766	2,675,766	2,709,188	1.2%	2,913,409	7.5%
CAPITAL	112,371	386,492	386,492	386,492	150,000	-61.2%	150,000	
TRANSFER OUT	0	0	0	0	0		0	
TOTAL EXPENSES	4,872,536	5,836,465	5,836,465	5,730,022	5,729,643	-1.8%	5,965,941	4.1%
GAIN (LOSS)	299,849	5,073	5,073	111,516	125,148		185,274	
WORKING CAPITAL BALANCE	351,960	357,033	357,033	463,476	588,624		773,898	
WORKING CAPITAL GOAL	431,000	487,000	487,000	487,000	488,000		513,000	
FIRE STATION MAINTENANCE (6911)								
REVENUES								
CHARGES TO DEPARTMENTS	296,040	309,075	309,075	309,075	319,675	3.4%	329,247	3.0%
TOTAL REVENUES	296,040	309,075	309,075	309,075	319,675	0	329,247	3.0%
EXPENSES								
WAGES & BENEFITS	32,135	43,708	43,708	43,708	35,161	-19.6%	36,129	2.8%
MATERIALS & SUPPLIES	158,997	180,216	180,216	180,216	176,346	-2.1%	178,758	1.4%
TOTAL EXPENSES	191,132	223,924	223,924	223,924	211,507	-5.5%	214,887	1.6%
GAIN (LOSS)	104,908	85,151	85,151	85,151	108,168	0	114,360	
TRANSFER WORKING CAP TO REPLACE	0	(105,000)		(105,000)	(75,204)		(100,000)	
WORKING CAPITAL BALANCE	189,991	166,919	99,992	99,991	118,159		132,519	
WORKING CAPITAL GOAL	115,000	116,000	116,000	116,000	127,000		127,000	
CEMETERY MAINTENANCE (6912)								
REVENUES								
CHARGES TO DEPARTMENTS	70,128	134,904	134,904	134,904	166,541	23.5%	125,638	-24.6%
TOTAL REVENUES	70,128	134,904	134,904	134,904	166,541	23.5%	125,638	-24.6%
EXPENSES								
WAGES & BENEFITS	75,751	70,457	70,457	70,457	60,831	-13.7%	61,127	0.5%
MATERIALS & SUPPLIES	82,558	62,299	62,299	62,299	59,661	-4.2%	64,511	8.1%
CAPITAL	25,295	0	0	0	0		0	
TOTAL EXPENSES	183,604	132,756	132,756	132,756	120,492	-9.2%	125,638	4.3%
GAIN (LOSS)	(113,476)	2,148	2,148	2,148	46,049		0	
WORKING CAPITAL BALANCE	(48,197)	(1,914)	(1,913)	(46,049)	0		0	
REPLACEMENT (6902)								
REVENUES								
CHARGES TO DEPARTMENTS	2,161,662	2,134,586	2,134,586	2,134,586	2,262,661	6.0%	2,512,661	11.0%
INTEREST	33,997	23,799	23,799	43,095	38,250		49,300	
OTHER REVENUE	120,000	0	0	0	4,000,000		0	
TOTAL REVENUES	2,315,660	2,158,385	2,158,385	2,177,681	6,300,911	191.9%	2,561,961	-59.3%
EXPENSES								
MATERIALS & SUPPLIES	108,218	375,000	375,000	375,000	200,000	-46.7%	200,000	0.0%
DEBT SERVICE - BLDG LEASE	552,463	660,348	660,348	660,348	663,723	0.5%	663,013	-0.1%
DEBT SERVICE - PW STORAGE	77,923	37,391	37,391	37,391	0	-100.0%	750,000	
TRANSFER OUT	0	0	0	0	0		0	
CAPITAL	719,503	1,000,000	1,325,000	317,608	5,850,000	485.0%	1,650,000	-71.8%
TOTAL EXPENSES	1,458,106	2,072,739	2,397,739	1,390,347	6,713,723	223.9%	3,263,013	-51.4%
GAIN (LOSS)	857,554	85,646	(239,354)	787,334	(412,812)		(701,052)	
TRANSFER WORKING CAPITAL	75,204	90,000	89,999	90,000	1,390,000		100,000	
WORKING CAPITAL BALANCE	4,633,515	4,573,493	4,723,514	5,510,849	6,488,037		5,886,985	
WORKING CAPITAL GOAL	6,333,850	6,523,866	6,719,582	6,523,866	6,719,582		6,921,169	
WORKING CAPITAL BALANCE	6,132,302	5,518,838	5,841,543	7,898,856	7,738,134		7,464,240	
WORKING CAPITAL GOAL	7,139,850	7,415,866	7,611,582	7,415,866	7,932,582		8,169,169	
EXCESS OR (DEFICIENCY)	(1,007,548)	(1,897,028)	(1,770,039)	482,990	(194,448)		(704,929)	
TOTAL REVENUES	11,002,680	11,982,298	11,982,298	12,011,300	16,201,066		12,942,310	
TOTAL EXPENSES	9,827,533	12,029,896	12,471,396	10,149,652	16,361,788		13,216,204	
GAIN (LOSS)	1,175,147	(47,598)	(489,098)	1,861,648	(160,722)		(273,894)	
Accumulated Depreciation	\$11,793,228							
TOTAL DEPARTMENTAL CHARGES	10,822,031	11,953,999	11,953,999	11,953,000	12,155,766		12,884,010	
INTEREST ALLOC ON WC BAL	39,997	27,999	27,999	50,700	45,000		58,000	

Internal Service Funds

- Provide service to other City departments
- Supported by fees to these other departments
- Fees fund both operations and capital
 - Fund 7100 - Fleet Maintenance
 - Fund 7200 - Public Safety Radio
 - Fund 7300 - Self-Insurance
 - Fund 7400 - Insured Benefits
 - Fund 7450 - Accrued Benefits
 - Fund 7500 - Support Services
 - Fund 7600 - Information Systems
 - Fund 7700 - Facilities and Parks Maintenance

Fund 7100 - Fleet Maintenance

	2015 Actual	2016 Estimate	2017 Proposed	2018 Conceptual
Revenue	\$6,936,459	\$7,893,500	\$7,602,642	\$8,674,648
Expense	\$6,508,123	\$7,967,000	\$7,781,721	\$8,666,263
Gain/ (Loss)	\$428,337	(\$73,500)	(\$179,079)	\$8,385
Working Capital	\$5,866,599	\$5,793,099	\$5,614,020	\$5,622,405
WC Goal	\$2,676,692	\$3,269,016	\$3,899,014	\$4,078,163

Fund 7200 - Public Safety Radio

	2015 Actual	2016 Estimate	2017 Proposed	2018 Conceptual
Revenue	\$578,660	\$666,500	\$683,607	\$713,868
Expense	\$757,475	\$1,134,800	\$1,123,599	\$646,064
Gain/ (Loss)	(\$178,815)	(\$468,300)	(\$439,992)	\$67,804
Working Capital	\$915,909	\$447,609	\$7,617	\$75,421
WC Goal	\$775,762	\$465,482	\$277,482	\$189,482

Fund 7300 - Self-Insurance

	2015 Actual	2016 Estimate	2017 Proposed	2018 Conceptual
Revenue	\$2,742,430	\$2,261,900	\$2,293,833	\$2,363,006
Expense	\$1,236,564	\$2,014,344	\$2,226,036	\$2,272,422
Gain/ (Loss)	\$1,505,866	\$247,556	\$67,798	\$90,584
Working Capital	\$1,691,021	\$1,938,577	\$2,006,375	\$2,096,958
WC Goal	\$2,311,498	\$2,264,000	\$1,770,000	\$1,770,000

Fund 7400 - Insured Benefits

	2015 Actual	2016 Estimate	2017 Proposed	2018 Conceptual
Revenue	\$8,904,945	\$8,936,469	\$8,975,363	\$9,784,094
Expense	\$10,244,068	\$10,026,861	\$9,217,351	\$9,980,587
Gain/ (Loss)	(\$1,339,123)	(\$1,090,391)	(\$241,988)	(\$196,492)
Working Capital	\$2,682,460	\$1,592,069	\$1,350,081	\$1,153,588
WC Goal	\$2,854,000	\$2,336,000	\$1,768,000	\$1,832,000

Fund 7450 - Accrued Benefits

	2015 Actual	2016 Estimate	2017 Proposed	2018 Conceptual
Revenue	\$2,223,019	\$1,387,700	\$2,304,303	\$2,379,718
Expense	\$1,914,394	\$1,815,200	\$1,873,738	\$1,927,073
Gain/ (Loss)	\$308,625	(\$427,500)	\$430,565	\$452,645
Working Capital	(\$1,494,290)	(\$1,921,790)	(\$1,491,225)	(\$1,038,580)
WC Goal	\$0	\$0	\$0	\$0

Fund 7500 - Support Services

	2015 Actual	2016 Estimate	2017 Proposed	2018 Conceptual
Revenue	\$415,534	\$472,000	\$498,047	\$532,742
Expense	\$460,748	\$470,994	\$510,699	\$624,724
Gain/ (Loss)	(\$45,214)	\$1,006	(\$12,652)	(\$91,982)
Working Capital	\$186,111	\$187,117	\$174,465	\$82,483
WC Goal	\$42,600	\$163,956	\$142,800	\$69,200

Fund 7600 - Information Systems

	2015 Actual	2016 Estimate	2017 Proposed	2018 Conceptual
Revenue	\$4,731,217	\$4,790,200	\$4,960,370	\$5,211,886
Expense	\$5,046,247	\$6,020,829	\$5,477,274	\$5,772,222
Gain/ (Loss)	(\$315,030)	(\$1,230,629)	(\$516,904)	(\$560,336)
Working Capital	\$3,080,008	\$1,849,379	\$1,332,475	\$772,140
WC Goal	\$831,070	\$1,604,070	\$1,075,070	\$1,230,070

Fund 7700 - Facilities & Parks Maintenance

	2015 Actual	2016 Estimate	2017 Proposed	2018 Conceptual
Revenue	\$11,002,680	\$12,011,300	\$16,201,066	\$12,942,310
Expense	\$9,827,533	\$10,149,652	\$16,361,788	\$13,216,204
Gain/ (Loss)	\$1,175,147	\$1,861,648	(\$160,722)	(\$273,894)
Working Capital	\$6,132,302	\$7,898,856	\$7,738,134	\$7,464,240
WC Goal	\$7,139,850	\$7,415,866	\$7,932,582	\$8,169,169

Request for Council Action

Originator City Manager	Item 2017 Draft Council Meeting Calendar
Agenda Section Study Item	Date 9/19/2016

Description

The City Council is asked to discuss the attached draft of the City Council 2017 meeting calendar. A copy of the 2016 City Council meeting calendar is provided for reference.

The Chamber's Golf Tournament and the Bloomington Convention and Visitor's Bureau Golf Tournament have been taken into consideration.

National League of Cities Conferences are:

1. The Congressional City Conference will be March 11-16, 2017 in Washington, DC
2. The City Summit (previously Congress of Cities and Exposition) will be November 15-18, 2017 in Charlotte, North Carolina

Item created by: Deb Smith, City Manager's Office
Presenter: Jamie Verbrugge, City Manager

Requested Action

Review the proposed City Council 2017 meeting calendar as presented.

Attachments:

Updated 2016 Calendar
Draft 2017 Council Calendar.pdf

January						
S	M	T	W	T	F	S
					1	2
3	R 4	5	6	7	8	9
10	S 11	12	13	14	15	16
17	18	19	20	21	22	23
24	R 25	26	27	28	29	30
31						

February						
S	M	T	W	T	F	S
	R 1	2	3	4	5	6
7	S 8	9	10	11	12	13
14	15	16	17	18	19	20
21	R 22	23	24	25	26	27
28	29					

March						
S	M	T	W	T	F	S
		1	2	3	4	S 5 NLC
6	7	8	9	10	11	12
13	S 14	15	16	17	18	19
20	R 21	22	23	24	25	26
27	28	29	30	31		

April						
S	M	T	W	T	F	S
					1	2
3	R 4	5	6	7	8	9
10	S 11	12	13	14	15	16
17	R 18	19	20	21	22	23
24	25	26	27	28	29	30

May						
S	M	T	W	T	F	S
1	R 2	3	4	5	6	7
8	S 9	10	11	12	13	14
15	R 16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

June						
S	M	T	W	T	F	S
			1	2	3	4
5	R 6	7	8	9	10	11
12	S 13	14	15	16	17	18
19	20	21	22	23	24	25
26	R 27	28	29	30		

July						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	R 11	12	13	14	15	16
17	18	19	20	S 21	22	23
24	R 25	26	27	28	29	30
31						

August						
S	M	T	W	T	F	S
	R 1	2	3	4	5	6
7	8	9	10	11	12	13
14	R 15	16	17	18	19	20
21	S 22	23	24	25	26	27
28	29	30	31			

September						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	S 12	13	14	15	16	17
18	19	20	21	22	23	24
25	S 26	27	28	29	30	

October						
S	M	T	W	T	F	S
	S					1
2	R 3	4	5	6	7	8
9	S 10	11	12	13	14	15
16	17	18	19	20	21	22
23	R 24	25	26	27	28	29
30	31					

November						
S	M	T	W	T	F	S
		1	2	3	4	5
6	R 7	8	9	10	11	12
13	S 14	15	16	17	18	19
20	R 21	22	23	24	25	26
27	28	29	30			

December						
S	M	T	W	T	F	S
				1	2	3
4	R 5	6	7	8	9	10
11	12	13	14	15	16	17
18	R 19	20	21	22	23	24
25	26	27	28	29	30	31

January						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	R	10	11	12	13	14
15	16	17	18	19	20	21
22	R	24	25	26	27	28
29	S	31				

February						
S	M	T	W	T	F	S
			1	2	3	4
5	R	7	8	9	10	11
12	S	14	15	16	17	18
19	20	21	22	23	24	25
26	R	28				

March						
S	M	T	W	T	F	S
			1	2	3	4
5	R	7	8	9	10	11
12	13	14	15	16	17	18
19	R	21	22	23	24	25
26	S	28	29	30	31	

April						
S	M	T	W	T	F	S
						1
2	R	4	5	6	7	8
9	10	11	12	13	14	15
16	R	18	19	20	21	22
23	S	25	26	27	28	29
30						

May						
S	M	T	W	T	F	S
	R	2	3	4	5	6
7	S	9	10	11	12	13
14	15	16	17	18	19	20
21	R	23	24	25	26	27
28	29	30	31			

June						
S	M	T	W	T	F	S
				1	2	3
4	R	6	7	8	9	10
11	S	13	14	15	16	17
18	19	20	21	22	23	24
25	R	27	28	29	30	

July						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	R	11	12	13	14	15
16	17	18	19	20	21	22
23	R	25	26	27	28	29
30	S					

August						
S	M	T	W	T	F	S
		1	2	3	4	5
6	R	8	9	10	11	12
13	S	15	16	17	18	19
20	R	22	23	24	25	26
27	28	29	30	31		

September						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	R	12	13	14	15	16
17	S	19	20	21	22	23
24	R	26	27	28	29	30

October						
S	M	T	W	T	F	S
1	R	3	4	5	6	7
8	S	10	11	12	13	14
15	R	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

November						
S	M	T	W	T	F	S
			1	2	3	4
5	R	7	8	9	10	11
12	S	14	15	16	17	18
19	R	21	22	23	24	25
26	27	28	29	30		

December						
S	M	T	W	T	F	S
					1	2
3	R	5	6	7	8	9
10	11	12	13	14	15	16
17	R	19	20	21	22	23
24	25	26	27	28	29	30
31						



Request for Council Action

Originator City Manager	Item City Manager Council Update
Agenda Section Study Item	Date 9/19/2016

Description

1. Updates to Council by the City Manager
2. Council Issue Identification

Item created by: City Manager
Presenter: City Manager

Requested Action

Discussion

Attachments: