

Minutes of the
Edina Park Board
November 9, 2010
Edina City Hall, Council Chambers

MEMBERS PRESENT: Todd Fronek, Dan Peterson, Rob Presthus, Ellen Jones, Jennifer Kenney, Felix Pronove, Randy Meyer, Joseph Hulbert, Keya Steel, Louise Segreto

MEMBERS ABSENT: Bill Lough, Austin Dummer

STAFF PRESENT: John Keprios, Ed MacHolda, Janet Canton, Scott Neal, Todd Anderson

I. INTRODUCTION OF NEW CITY MANAGER SCOTT NEAL

Scott Neal, new City Manager, informed the Park Board a little bit about himself. He indicated that he is originally from Iowa and went to school at Iowa State University. He stated that he got his start in city management in a small town called Norris, Tennessee where he stayed for two years. After that he went to Mount Pleasant, IA for six years, Northfield, MN for six years and then on to Eden Prairie for eight years. He noted that he had a wonderful experience in Eden Prairie but is very happy to join the City of Edina and be the new City Manager. Mr. Neal pointed out that he has had a chance to work with Park and Recreation organizations of all shapes and sizes and has had the chance on two occasions to establish park and recreation departments. He stated that he knows how important that function is and those amenities are in the community, especially in a community like Edina, therefore he will do his best to serve the Park Board.

II. APPROVAL OF THE MINUTES

Dan Peterson MOVED TO APPROVE THE OCTOBER 12, 2010 PARK BOARD MINUTES. Louise Segreto SECONDED THE MOTION. MINUTES APPROVED.

III. NEW BUSINESS

A. Braemar Golf Course Clubhouse Consultant – Joseph Hulbert - Mr. Hulbert informed the Park Board that he thinks it's safe to say that Braemar Golf Course is the largest enterprise facility in Edina. It's a great course, beautiful setting and awesome location and thinks everyone in Edina would agree that we are lucky to have it. He noted, however, that there are some large capital improvements needed such as the driving range reconfiguration, the golf dome building needs, the Clunie nine and the 20 year-old course could use some design attention as well as the clubhouse could use some updates. Mr. Hulbert indicated that the challenge is with the current economy Braemar isn't alone in that it's struggling and losing money, however, now with Mr. Todd Anderson as the new General Manager at Braemar he thinks it would be a good time to make an investment and help Mr. Anderson succeed. He noted that they need to find ways to bring Braemar into the black, to reinvigorate it, re-invent it and therefore he would like the Park Board to consider a few recommendations.

Mr. Hulbert indicated that the first thing he would like for the Park Board to consider is to hire a third party consultant for advice and suggestions regarding Braemar Golf Course. He noted that he did a little research and there are companies that will come in, study, analyze and give independent ideas and advice regarding the following:

- Condition of the facility
- Functionality of the facility
- Aesthetics
- Revenue potential
- Evaluate the flow of the clubhouse
- Utilization of space
- Identify operating efficiencies
- Layout and design of the golf course
- Storage facilities
- Practice facilities
- Landscaping
- Customer service
- Cash handling procedures
- Tournament procedures
- Special outings
- Pace of play
- Review starters and marshals
- Employee compensation
- Staff training
- Staff supervision
- Fees
- Accounting and bookkeeping
- Organizational structure
- Staffing and cost of labor
- Cost of golf operations
- Point of sale systems
- Yield analysis
- Tee time reservation systems
- Appropriateness and functionality of the current technology
- Food and beverage operations
- Merchandising & retail operations
- Membership and annual passes
- Financial performance over the past three years & trend analysis compared to reviews of performance with comparable facilities
- Areas where costs could be reduced without affecting performance
- Areas where costs have been reduced excessively to the detriment of performance
- Golf course maintenance
- Current condition of the golf course its practices
- Capital improvements
- Marketing & identifying target markets

- Overall marketing strategy
- Utilization of media including website and e-mail programs
- Promotions and specials
- Turf conditions (possibly use an agronomist)

Mr. Hulbert pointed out that some of these matters have been discussed periodically at Braemar. Mr. Hulbert suggested that maybe they should form some sort of a citizen's resource group or panel to assist and maybe help steer ideas in improvement and change at Braemar. He commented that he thinks there is a lot that they can look at with improving at Braemar and maybe by bringing in an outside set of eyeballs they will offer fresh ideas and perspective.

Ms. Segreto commented that she thinks they need a plan to keep Braemar current because it is showing signs of being in the past especially with respect to the food service. She asked Mr. Hulbert what it would cost to hire a specialized consultant to prepare a study of all the items he listed. Mr. Hulbert replied that the company he contacted informed him that to do a comprehensive survey or an analysis like this it would cost approximately \$15,000. He pointed out that on the CIP for next year they are going to spend \$100,000 on an environmental inventory assessment and added that Braemar has a significant potential to give them a return on the investment.

Ms. Segreto asked Mr. Anderson if there are any public courses where a private restaurateur will come into the public course and run the food service and finance the capital improvements. Mr. Anderson replied that he knows Edinburgh uses Lancer Catering to run their Girvan Grill and that Prestwich has an Axel's restaurant. Ms. Segreto commented that she thinks it would be interesting to explore a private/public partnership. Mr. Anderson pointed out that one of their big limitations is space and added that when caterers come in to do events they do not have a full kitchen; they are very tight on space. He stated that he knows one of Mr. Hulbert's concerns was being able to have bottled beer and pop but the problem is there is no place to put it and to change their current situation it would cost a significant amount of money.

Ms. Segreto indicated that she has spent a lot of time at Braemar cross country skiing and snowshoeing and often thought how great it would be if the city rented out skis or snowshoes. She noted that maybe this is something that could even be run by a private party but it could be another revenue source for the city. Mr. Anderson replied he would be happy to look into that; however, in their past experience in working with Edina High School they had a snowmobile with a groomer. He stated that once they start promoting Braemar as a cross country ski area they need to keep it groomed all of the time so there is a cost involved so they would need to consider.

Mr. Presthus asked what the age limit is for the youth at Braemar. Mr. Anderson replied currently it's age 12 on the regulation courses and age 10 on the executive courses and stated they will be working on that over the winter and it will be going down. Mr. Presthus commented that he thinks that's an area where they could definitely add more play. He added that maybe they can even incorporate other things with that such as a youth training course where they would need to go through a certification process that

includes golf rules, etc. Ms. Kenney noted that she agrees with Mr. Presthus. This past summer she brought her 7 year-old over to Hiawatha where they had a good park and recreation golf program for kids starting at age 7.

Mr. Keprios stated that just to clarify part of what's included in his Staff Report is a copy of an e-mail exchange between Mr. Hulbert, Mr. Anderson and himself of a meeting the three of them had earlier at Braemar at Mr. Hulbert's request. He pointed out that Mr. Hulbert came up with a list of 17 different valid concerns; however, the focus for this meeting is Mr. Hulbert's proposal to come forward with a consultant to review the items that have been laid out. Mr. Hulbert indicated that he thinks in this environment they have to try to have just incremental changes to try to improve the experience at Braemar. He noted they can do things that don't cost much of anything to improve the user experience. Mr. Hulbert commented that there is a captive audience there but feels sometimes they leave because they don't want to stay at the clubhouse because it feels outdated and maybe they could make it more up-to-date with some modest improvements. Mr. Hulbert stated that, hopefully five years from now, they will be in a better environment with some of the debt service paid off. He added that ideally at some point it would be nice to have a modern clubhouse that attracts a user to not just play golf but to bring the family to have a burger and maybe watch the Twin's game and make it a community gathering space rather than just a golf clubhouse. He pointed out that he thinks if they were to bring in another set of eyeballs maybe they could find a way to make the current floor plan flow better and maybe transition some space into an area where they could store soda, beer and wine. Mr. Hulbert stated that he doesn't have all the ideas or all of the solutions; he has just been gathering all of the comments that he has heard from people that use Braemar. Mr. Hulbert stated that the main point is to try to direct some resources to Braemar to help Mr. Anderson and Braemar succeed.

Mr. Anderson responded that's great and it's the direction he would like to go; however, there are costs associated with almost everything on the list and right now financially their hands are tied and that's a big part of the equation. He pointed out that right now his goal is to get the course in the best condition he can as far as being playing and putting dollars toward marketing. Mr. Anderson explained that they are currently down a couple of people and he would like to take those salaries and put it towards maintaining and improving what they have. He would love to make improvements down the road but, for now, their hands are tied.

Mr. Fronek stated that he thinks it's great for them to have some sort of vision and asked Mr. Anderson what his vision is for Braemar in the next five to ten years. He indicated that maybe Mr. Keprios can discuss the financial constraints that Braemar is under. He stated that as a Park Board they would like to be able to give staff the tools in order to be successful and asked Mr. Anderson in an ideal world what he would like to see happen. Mr. Anderson replied that right now his plan is to improve the course conditions and playability and then promote the course. He noted that he feels they need to put more dollars into advertising so that they can draw the non-resident patron card. Mr. Anderson pointed out that right now he thinks their number one priority is to replace the building at the dome. It's going to be an expenditure of approximately \$450,000 because right now the building could actually blow away on any given day. He added

that their customers are safe but explained that it was built in 1983 and that the dome is actually anchored to a wooden structure, which is a poor design. A new support structure is needed that would basically use the same footprint and concrete block but they would not have the dome actually attached directly to the building. He commented that they did replace the dome fabric quite a few years ago and it is wearing very well and thinks they will get at least another 15 years out of it.

Mr. Anderson indicated that his second project would be the driving range. He noted it is his number one concern as far as liability and safety. He also commented that if they could increase the size and the depth they could increase the quality of the turf which is not good right now. He noted that they would be able to rotate forward and back and have a quality facility because right now they have so much play and not enough turf that he thinks they are losing business right now to facilities like Glen Lake.

Mr. Anderson stated that third on his list would be to try to soften Clunie as far as the playability because of some of the hills. He commented that he's not sure if the return on investment would be there.

Mr. Meyer asked how often the facility is used during the off season for other functions. Mr. Anderson replied actually quite a bit. He noted that currently the "Northwoods Boutique" is there for two weeks where they take over the banquet room. He stated that they are booked most weekends throughout the winter but that January is a slower month. He indicated that they have a lot of business meetings during the day and there are times when they are changing the room over two to three times a day because of multiple meetings. Mr. Meyer asked what the current fee structure is. Mr. Anderson replied for Edina residents on a Friday or Saturday is \$900.00 and for non-residents it's \$1,000 and gets scaled back from that depending on the amount of hours and what day of the week it is.

Mr. Meyer indicated Mr. Anderson talked about the building next to the dome and some future upgrades and asked how are the decisions made on future upgrades and who says we're okay financially here is where we want to go. Mr. Anderson responded that regarding the building, he put it in their 2011 budget knowing that they don't have the finances but believes ultimately it will be the Park Board and City Council who will decide when they do it. Mr. Meyer indicated that for the long-term planning process he thinks it would be helpful if there is a vision for a new clubhouse and maybe we should think about it and plan for it five years out. He noted that he thinks we need to figure out what will happen to make all that work versus potentially making investments now that may affect something down the road such as knocking down a building and putting it in the wrong spot. He commented that he thinks what he is hearing is what really is the vision and how do we get there whether it's five years out or ten years out what are the investments that we need to market that will be a good investment and facility for the community.

Mr. Presthus indicated that he agrees with that but right now he thinks they need to decide whether or not they want to endorse the idea of spending \$15,000 to get a consulting firm in here to point them in the direction they need to go. He stated that he

thinks if they have a consulting firm come in that basically comes up with a ten year plan of what you want to do and helps to prioritize it makes the most sense.

Mr. Keprios informed the Park Board that input is always a great thing and he welcomes it; however, he feels they are entering into a delicate area of whether or not it is the Park Board's function to go into this area of business and management or at what point is it policy and governance? He pointed out that the third paragraph in the business plan it references that the clubhouse does need a fresh look and we are going to look at the menu and a lot of that is more management than it is policy setting. He explained that they try to give Park Board more of the big picture stuff rather than the day to day because Mr. Anderson is there all the time. He noted they have the Braemar Golf Association, a Men's Club and a Women's League that all provide Mr. Anderson their input and that's a good thing. Mr. Keprios stated that they are hearing from the community and their customers and that's a good thing. He noted that it's too bad they didn't have this conversation when he brought the CIP to the Park Board earlier this year to approve basically a one year budget and a five year plan. He explained that this complicates it somewhat if you want to recommend spending \$15,000, to further analyze what he feels the Park Board has already approved for a 5-year vision; however, the Park Board can certainly propose this new idea to the City Council. Mr. Keprios stated that he would like John Wallin, City Finance Director, to give a quick overview of where they are financially, what is realistic to expect and where the dollars are going to come from. He noted that all of these suggestions are all great ideas and, if money were no object, we would be all over it and the business plan would look quite different.

Mr. Wallin noted that there are a lot of good ideas out there but, unfortunately, the last several years have seen debt increase, the operations no longer pay off the debt that it once could. He informed the Park Board that in 2009 the golf course reduced its deficit, which was a millions dollars, by \$100,000. Unfortunately, it did that with a \$170,000 subsidy from the liquor fund and a one-time \$100,000 subsidy out of the general fund. He pointed out that, even with the \$270,000 in subsidies in 2009, the golf course only improved their position by \$100,000. Mr. Wallin noted that the conundrum is that many of these things may be worthwhile; however, Braemar has an existing million dollar cash deficit and an additional 1.2 million future debt coming forward this fall. He explained that in meetings with both Moody's and Standard & Poor's, comments came up, as they have the past several years, concerning what are we going to do with the deficit at the golf course because it has become a very major issue in the rating of Edina's bonds. He noted that Standard & Poor's was silent on it but that Moody's had it as part of their rating in that they saw that we again reduced the 2009 deficit, the million dollar deficit cash balance. He added that they did not go into that they did it by \$270,000 worth of subsidies. Mr. Wallin stressed that Moody's and Standard & Poor's have really focused on the deficit meaning that it would be very difficult to increase cash deficit or increase any debt relating to the golf course without catching the eye of Moody's and Standard & Poor's and pointed out that this would affect the rest of the ratings for special assessment or any other type of debt issuance. He stated again that it's going to be very difficult to do any additional capital improvements until the debt is paid off in three years and possibly even later until the cash balance decreases. He commented some of that may improve if we can start adding to that bottom line. He

noted that he thinks it's going to be an uphill battle for the golf course to be able to improve its position very much until that debt is paid off and possibly a couple of years past that debt being paid off.

Mr. Hulbert asked if they would be able to reallocate \$15,000 to \$20,000 from the CIP to try to find ways to make Braemar operate more efficiently as a business. Mr. Wallin replied that the issue wouldn't be the \$15,000; the issue would be recommendations for capital improvements. Mr. Hulbert noted that some capital improvement would be for simple things like adding monitors to the clubhouse or a 43" plasma TV. He also commented that the GHIN system, which Braemar is a member of, offers programming where if there is a tournament going on there are neat reporting systems that use the GHIN system and software we already have to report scores on the monitors throughout the clubhouse. He commented these are just some ways to try to add value to the experience at Braemar so that maybe it attracts more business and we can show that five years down the road we are no longer in the red but are firmly in the black and can demonstrate to City Council and to the taxpayers of Edina that it does make sense to look at building a new clubhouse in ten years. Mr. Wallin stated that \$15,000 isn't going to make a difference one way or another of the financial condition of the golf course going forward, his concern is with the larger ticket items. Mr. Hulbert commented that maybe they could find a way to reallocate resources in the upcoming year in the capital improvement plan or request from City Council that they find resources for us to try to do this. He added that he thinks winter would be the best time to be looking at ideas to improve the golf course because it's the down season.

Mr. Peterson asked when we say Braemar and/or the word golf we are referring to the Braemar 27-hole course, the Braemar Executive course, the clubhouse and the Fred Richards Course to which Mr. Wallin replied that's correct. Mr. Wallin explained they may refer to it as Braemar but they account for all of what was mentioned. Mr. Peterson asked are the Braemar 27-hole course and the Braemar 9-hole course bonds about ready to be paid off in a couple of years. Mr. Wallin responded that the existing debt is for the Fred Richards course and over the next three years it will be 1.2 million. Mr. Peterson asked so once the Fred Richards debt is paid off things will look a lot brighter. Mr. Wallin replied that he does believe that once the Fred Richards debt is paid off hopefully the revenues from the facility will then go to pay down the million dollar cash deficit and once that happens then the possibility for new debt comes up and the possibility to be able to put money away for future projects comes up.

Ms. Jones indicated that it looks like right now the golf dome is in really good shape as far as making money except for the fact that it may blow down. She asked how much revenue would they lose if they did not have the dome functioning and it did blow down. Mr. Wallin explained that when they initially purchased the dome about 20 years ago they were doing approximately \$100,000 a year profit to the bottom line. He noted that right now their debt is paid off and last year they did \$15,000 to \$20,000 worth of profit so that has dropped, but it's very weather related.

Ms. Jones indicated that in looking at the difference between the proposed budget for 2011 and what was budgeted in 2010 that across the board on all revenue areas it looks

very rosy in the projections. She asked how they are going to make all of the increased money. Mr. Wallin explained that the golf facility is the one who puts together the budget and they look at what they expect their number of rounds to be and all other aspects of their budget and try to figure out where they predict what the season is going to be. He noted that from there they put together the budget document with the assistance of finance so that is where the golf course staff had their estimate of where they thought the golf business would be in future years.

Mr. Meyer asked how the budget at Braemar compares to some of the other facilities. Mr. Wallin replied that the pool pays for their operation and is able to put away some money in anticipation for a capital expenditure that is coming up in the next couple of years. He explained that the pool had had the money in hand to purchase a flow-rider; however, they have had to reserve their funds because by law the city is required with the bond issue at Braemar to reserve a one year's worth of debt service. Because of Braemar's negative fund balance, the pool by law had to reserve that for Braemar, which means that the Aquatic Center wasn't able to spend the money to do its capital budget even though it had the funds on hand. Mr. Meyer asked does the City Council make those decisions to which Mr. Wallin replied yes, that is correct. Mr. Wallin explained that staff makes the recommendation where the reserve should be held and the ultimate responsibility is the City Council.

Ms. Steel asked how often the business plan is updated. Mr. Wallin replied that this last one was done just over three years ago and he believes they are currently working a new business plan. Ms. Steel asked would that plan take into account these ideas being presented. Mr. Wallin responded that the Communication Department heads up the business plans and will work with the golf course management to come up with what is the future of the course.

Mr. Keprios indicated that if the Park Board would like to go forward with a study of some sort he would ask that the Park Board decide on specific ideas you would like the consultant to really focus on. He stated that if they are going to do a request for proposal he needs to know what the Park Board wants studied.

Mr. Meyer suggested that this is something that still needs to be worked on and needs more information so they can review it prior to their next meeting. He noted that if at that time it makes sense, then they can go ahead and vote on it. He thinks they have to have a better understanding of what it is they are trying to accomplish and be clear about it or else even a consultant isn't going to know what they are trying to accomplish. Mr. Keprios stated that he agrees this is not something that staff came forward with and therefore staff is looking for some direction on what the Park Board would like for staff to do.

Mr. Fronck stated that he thinks there are two prongs to this equation. First, they are talking about more of an operational investment and he's got to think there are other ways to either increase revenues and/or cut expenses by \$15,000, which would pay for this consultant expenditure within a year or two. He commented that they are shifting a little to management versus policy but with new management coming in he does think it

presents them with a great opportunity to look a little bit at their operations and see how they can do better. He indicated that the second component is more on the policy side. He thinks that for next year's CIP they should start to think about some of these long range planning ideas for Braemar. It can show what it is they would like to see in five or ten years once this debt gets retired. Mr. Fronck stated that they agree they need to spend a little more time on this and then see if they can't figure out an operational consultant who's going to come in for \$15,000 and be a net positive in a year or two. He noted they also should look at next year coming up with more of a long range plan whether that also involves hiring a consultant or establishing some sort of task force or something like that.

Mr. Keprios asked Mr. Anderson vision and management wise from what is already on the business plan where does he think consulting services would be best spent. He also asked Mr. Anderson in what areas does he think Braemar would really benefit in the short and long term where we may have some holes that might open the doors. Mr. Anderson replied that in looking at major capital improvements as far as the clubhouse and anything else like that it is a few years out. He stressed that his personal focus has been on improving the golf course and marketing. He informed the Park Board that they actually did have a consultant out to look at the driving range expansion and the Clunie Course as far as softening it and he does have that report. Mr. Anderson stated that he is on board with a lot of these thoughts and noted that they can address some of the issues internally and then if they need to bring in a consultant they will know better what areas they should focus on.

Mr. Keprios suggested to the Park Board that he could take the list of items Mr. Hulbert read and if any other members have their own special interests at the golf course to be considered to let him know. He stated that this will give him an opportunity to meet with Mr. Anderson and they will bring some recommendations back to the Park Board at the December meeting for consideration. He noted that this isn't something that's going to happen overnight, it will likely need a little more study, feedback and direction.

IV. UPDATES FROM STAFF

Mr. Keprios gave a power point presentation to the Park Board showing the progress we have made on the scheduled 2010 Capital Improvement Program projects. He noted they have been working on a lot of park improvement projects.

Mr. Keprios showed the two hockey rinks that the extremely skilled professional Park Maintenance staff built at Walnut Ridge Park and Pamela Park. He commented that he thinks Edina has the finest outdoor rinks in Minnesota and it is due to the skill and craftsmanship of our professional Park Maintenance personnel whom he is so proud of. He added that new light standards and energy efficient fixtures are in place and operational at Pamela Park.

Mr. Keprios indicated that at Bredesen Park they spent almost \$190,000 to do the bike path that is now completed and that Bituminous Roadways contractor did a wonderful job. He explained that with assistance from the Engineering Department, all of these asphalt

renovation projects consolidated into one bid for economies of scale and the bid was awarded to Bituminous Roadways for \$384,466.05.

Mr. Keprios pointed out that at Braemar Golf Course they are in year two of three phases and just spent \$82,000 to do this year's part of asphaltting the parking lot. He noted that the reason they can't do this all at once is because they can only go without so much parking at one time and therefore it's done in phases.

Mr. Keprios indicated that they just updated and renovated the entire parking lot at Walnut Ridge and they did a wonderful job.

Mr. Keprios informed the Park Board that at Edinborough Park they have quite a few projects which some are complete and some are still underway. He noted that they renovated deteriorated sidewalks and added better lighting for the turnaround area in front which cost over \$45,000. He stated that they are currently in the process of converting the kitchen/catering area into bathrooms for \$96,000 and should be completed in December. He showed the new flooring that was replaced at the amphitheater and commented that the new hardwood floor turned out beautiful.

Mr. Keprios indicated that the Braemar West Arena Project has just been completed and they did a phenomenal job. He noted that this project includes new dehumidification systems in the East and West Arenas. The West Arena is now fully functional with new dasher boards and glass and a new energy efficient state of the art refrigeration system with sub-floor heating. The project began with having to remove 18 feet of frost. He noted there are just a few minor punch list items to finish up but they are on schedule.

MEETING ADJOURNED