



Proposed Sale of Mississippi National Golf Links: Commonly Asked Questions

1. **Why is the City considering the sale of the municipally owned Mississippi National Golf Links?**

Current economic and budget realities are the primary reasons the City Council is considering the sale of the property.

Economic and Budget Realities. The City Council has publically discussed the means of increasing revenues or reducing expenditures to address broad economic and budget realities for a number of years. In recent years, economic and budget realities have escalated in severity as a result of the Great Recession, revenue volatility, state policy decisions, reductions in state-paid local government aids, changes in the City's tax base, decreased property valuations and a growing anti-tax sentiment. Currently the City's revenue base, measured in real dollars, has decreased by 16% since 2002 necessitating changes to city services. The municipally owned golf course is one of many programs and services that the City Council is reevaluating in the wake of significant economic and budget realities.

Budget Strategies. The City Council has approached the current economic and budgetary realities in a sound, rational and systematic fashion. The City Council recognizes the fragile nature of the local economic recovery and the economic impact that a property tax increase would have on local residents and the business community. As such, the City Council has purposefully focused its efforts on reducing expenditures and programs in areas intended to have the

least impact on City services and the opportunities available to the public.

Viability of Golf Course Operations. The City Council is considering the sale of the property as a strategy for keeping the golf course open for continued public use, viable and operational in a very competitive marketplace. Since Mississippi National Golf Links was developed in the 1980s, and expanded in the 1990s, the economics of golf have experienced fundamental changes. The proliferation of golf courses combined with national and local economic conditions and a reduction in rounds played have collectively had a dramatic impact on golf's economics and its sustainability and continued viability. There is no guarantee that the current golf course will continue to operate in the future. The proposed sale of the golf course, with a number of conditions and restrictions, would retain the public interest in the property and allow the golf course lessee to refinance current debt and manage the operations free of lease restrictions thereby putting the golf course operations on a firmer fiscal foundation. The proposed sale would contribute to ensuring the property's continued use as a public golf course and public recreational destination.

2. How has the City responded to the budget and economic realities?

The City Council remains fully committed to making sound, sustainable, long-term fiscal decisions necessary to address the City's fiscal health and the economic and budget realities. As a means of addressing the significant budgetary challenges the City Council is focusing on evaluating any and all opportunities to reduce expenditures in areas intended to have the least impact on service delivery and opportunities available to the public.

At the current time the City's revenue base, measured in real dollars, has decreased by 16% since 2002 necessitating changes to city services. Over the past years the City Council has made many difficult decisions to address the current economic and budget realities. These decisions have resulted in an eleven percent (11%) reduction in city staffing which have had an impact on numerous city services and have made it increasingly difficult to continue to meet responsibilities associated with the golf course.

Previous decisions necessary to balance economic and budget realities have already impacted numerous services including the following.

- Public safety services including a reduction of 3 full-time police officers, a reduction in police patrol services, school liaison police services, parking enforcement and other proactive policing activities.
- Street services including street maintenance, snow plowing, street lighting, and street sweeping.
- Critical public infrastructure and equipment renewal, replacement, improvement and maintenance.
- Park maintenance services including mowing, cleaning, prepping facilities and beautification projects.
- Proactive city code enforcement services related to weed, junk and animal control.
- Community communications services including the City's newsletter and Channel 6 programming.
- Recreational opportunities including;
 - The swimming pool season and hours.
 - The number of outdoor ice skating rinks.
 - Summer recreation programming.
- Cemetery mowing and beautification projects.
- The Library book budget.

One option amongst many that are currently being carefully evaluated as a result of the current economic and budget realities is the sale of the golf course. Such a sale would reduce the City's expenditures by approximately \$1,600,000 over the next 10 years, reduce property tax subsidies of the golf activities and reduce pressures to increase property taxes.

With the proposed sale, the golf course would continue to operate as a public golf course and be available for use by residents and visitors for other recreational purposes as it always has been. In short, the sale of the property would adhere to the budget strategy of purposefully focusing efforts to reduce expenditures in areas intended to have the least impact on City services and the opportunities available to the public. A sale would not result in a service level

change or a reduction in the recreational opportunities available to the public. In fact, the sale would permit additional recreational opportunities such as winter sledding at the current practice range.

3. What are some of the principles and conditions that the City will require in the process of considering a sale of the golf course that ensure the public interest is protected?

There are a significant number of critical principles and conditions that must be met in the public's interest for any potential sale to be considered. A number of these principles follow.

Continued Use as a Public Golf Course – First and foremost, the property must remain a public golf course. The City would sell the property with existing and additional use restrictions thereby ensuring the property will continue to be used as a public golf course. The use restriction would be renewed to ensure the facility remains a public golf course every thirty (30) years as required by law.

Continued Public Recreational Use of the Property - The City will ensure that all the current public recreational uses continue.

- Reversion clauses in any proposed sale will require any property no longer used as a public golf course in the future revert back to the City thereby ensuring continued use of the property for public recreational purposes.
- The City will not sell property located north of the existing Golf Links Drive (Sorins Bluff – Memorial Park). Therefore, the sale of the golf course would not change any of the current public recreational facilities and opportunities available on the bluff such as hiking trails, mountain biking trails, cross country skiing trails and snow shoeing trails. City ownership and control of this area will afford additional public recreational opportunities including use of the property as a winter sledding destination.
- The City will plat the existing street known as Golf Links Drive and only sell property south of the roadway. The City would maintain the street and other drainage and utility easements

for future needs. Property on the north side of Golf Links Drive, including the driving range, will continue to be owned by the City. The existing driving range and golf cart paths will continue to be used as they always have been. Improvements and maintenance of the driving range, cart path, and other accessory facilities will be the responsibility of the easement holder; not the City.

- The City has groomed public cross country ski trails on the golf course south of Golf Links Drive. A requirement of any proposed sale would include that the buyer convey easements or license agreements to the City that permit perpetual public access to all the winter cross country skiing activities.
- The City would also continue to maintain and provide public parking facilities to ensure easy public access to the recreational facilities and recreational opportunities at the golf course.

Additional Requirements Protecting the Public's Interest –

- If the property is subsequently resold the City will require a right of first refusal on the sale thereby ensuring continued public recreational use of the property.
- If at a subsequent sale the City Council does not exercise its right of first refusal, conditions and use restrictions requiring the property be used for public golf and recreational uses will continue thereby further ensuring continued public recreational use of the property. Further, the City will require that the public share in the proceeds of the sale if the property increases in value.
- The property acquired from the State of Minnesota in 1977 by the City was conveyed by the State with the strict condition that the property be used for recreational purposes. This restriction will continue to remain in effect thereby even further ensuring continued public recreational use of the property.
- Additional parcels acquired by the City after 1977 which were used to expand the public golf course have use restrictions on

them. These use restrictions will remain in effect thereby even further ensuring continued public recreational use of the property.

- The golf course is zoned Agriculture Conservation which is a restrictive zoning classification that does not permit development of the property for residential purposes or other similar purposes. This zoning further assists in ensuring continued public recreational use of the property.
- The City's Comprehensive Plan requires the golf course to remain Open Space. This requirement further assists in ensuring continued public recreational use of the property.

4. What is the history and background about the golf course and its development?

Referendum History – Two referendums were conducted in 1977. The April 5, 1977 referendum question asked: "Shall the City of Red Wing be permitted to sell general obligation bonds to finance the acquisition and construction of an eighteen hole municipal golf course; total bonds to be sold not to exceed \$1,100,000?" The results were 1,976 – Yes; 1,993 – No; the question failed. A second referendum was held on October 4, 1977. The question read: "Shall the City of Red Wing issue its general obligation bonds in the amount of \$950,000 for the purpose of financing the construction of an 18 hole municipal golf course on land that is presently owned by the City?" The results were: 1,871 – Yes; 2,525 – No; the question failed. The Golf Course question was voted on again on November 6, 1984 as an advisory question. This time the question read: "Shall the City of Red Wing construct an 18-hole municipal golf course on land presently owned by the City if said construction can be funded solely by the use of City unappropriated general funds and federal revenue sharing funds?" The results were 4,997 – Yes; 2,178 – No; 65 blank/spoiled ballots. The 1984 vote was solely meant to provide the City Council with an indication that the public supported the construction of the golf course. As the 1984 action was solely advisory it does not restrict any proposed conveyance of Mississippi National.