

**COMMISSIONER RICK MIRABITO COMMENTS REGARDING GOLF  
COURSE EXTENSION FOR MINUTES OF DECEMBER 13, 2018**

Mr. Chairman, I am providing a copy of my comments to the recorder of minutes and I asking that they be attached to today's Official Minutes.

I have several concerns with this contract extension.

First, in my view, each of us has an obligation to tell the public where we stand on three fundamental questions:

- (1) Do we believe philosophically in a public golf course?
- (2) What amount of public money are we willing to commit to it?
- (3) Where will that public money come from ---- for example, property tax revenue, hotel tax revenue, or Act 13?

I have answered those questions consistently since 2016. Yes, I believe in a public golf course as adding to the quality of life for our residents. Yes, I am willing to put \$100,000 from property taxes in the course each year. And the balance of the funds should come from a source that is not property tax based, such as the hotel tax or Act 13.

The problem with us signing this extension is that the Board is answering yes to the first question without answering the other two. There is no plan to pay for the course other than to put it on the backs of property taxpayers.

At the same time, the Board is not even being honest about having the taxpayers pay for it. There is no funding in the 2019 Budget for the Golf Course operations --- and yet we know that the course will require funds; the course is not self-sufficient. There is money in the budget for the bonds, but not the day-to-day operations. The Board has created fictitious loans to the golf course that appear on the Balance Sheet but not in the Budget as expenditures. This practice is not transparent.

**Second, another three year contract “kicks the can down the road” without a plan to pay for the golf course other than to keep writing checks from property taxes.** This practice has been done by every Board of Commissioners in the past.

The problem is not simply bad weather in 2018. What if we have bad weather in 2019? 2020? The taxpayers again will be asked to subsidize the course which has 450 members.

There are structural problems such as high labor costs and low golf participation. The number of rounds has declined. In 2013 there were 61,666 and in 2016 there were 53,173 rounds, a 14% decline.

**Third, the payments for the golf course from property taxes have been huge.** Here is what the taxpayers have spent on the Golf Course from about January 2012 to December 2018, a period of 7 years. Essentially the prior 4 year Board of Commissioners and 3 years with this Board:

Just to maintain normal operations and keep the lights on: **\$1,020,530 or \$145,790 per year.** {\$370,530 in operating loans; \$300,000 on line of credit; \$350,000 in operations for 2016, 2017, 2018}

In addition to these payments, the taxpayers paid on multiple bonds.

In November 2006 the County took over ownership of the golf course and incurred a lot of debt --- I call that the **“Old Bond”**. Since 2012, the taxpayers have paid **\$1,913,373 on the Old Bond.**

But then we have to add in the cost of another \$1 million borrowed by the Board of Commissioners in 2012 --- I call that the **“New Bond”**.

That Board of Commissioners borrowed the money to improve the course and never spent it. The taxpayers paid interest on the New Bond but no improvements were made to the golf course until 2017.

From 2013 to 2018, the taxpayers have paid **\$542,563 on the New Bond (\$367,563 in Interest and \$175,000 in Principal) --- or about \$90,427 per year.**

Some will argue that we cannot include the cost of the Bonds because we have to pay them anyway.

**Not true:** We could have used the millions that the taxpayers have paid to keep the course open and improve it to pay off the 2006 Bond and be done with it. That is why it is important to answer the questions I asked above.

So here is the summary of what it costs to run the golf course each year above and beyond te revenue that is taken in --- accounting for bad weather and so forth:

Operations: **About \$145,790 per year**

Old Bond: **About \$350,000 per year**

New Bond: **About \$90,427 per year**

A grand total of **\$586,217 per year:**

Mr. Chairman, there is no need to rush to extend this contract --- it does not expire until March of 2019. We can ask Billy Casper to work with us, and I believe they will do so.

I made 4 recommendations to this Board at our public meeting to get most of the costs of the Golf Course off the backs of the taxpayers:

**First**, raise membership fees \$200 per member which would generate \$90,000 per year. That suggestion was given to me by a member of the golf course.

**Second**, direct the use of the Hotel Tax in the amount of \$200,000 per year out of the \$1,200,000 that we collect. We have used Hotel Tax funds to build the Liberty Arena and for stadium chairs at the WP High School, as well as for the Community Arts Center and the Taber Museum. We certainly can use it for an entity that brings in out of towners to golf.

**Three**, put all money to be spent on the Golf Course into the Budget so there is transparency and the taxpayers know what they are paying.

**Fourth**, move immediately to sell 9 holes and some acreage to a developer to retire the debt.

Thank you Mr. Chairman.

**COUNTY OF LYCOMING  
DEPARTMENT OF FISCAL SERVICES**

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**Lycoming County Recreation Authority  
Financial History**

- The original issue was for \$5,850,000 issued on May 17, 1988.
- Those bonds were refunded on December 12, 1991 in the amount of \$7,150,000 (the funds were used to retire the 1988 bonds, financing some additional projects and funding the DSRF).
- The 1991 bonds were refunded on September 17, 1998 in the amount of \$8,385,000 (included capital projects, funding of the DSRF and reimbursement to the County).
- The 1998 bonds were refunded on November 9, 2006 in the amount of \$4,905,000 for the Recreation Authority and the Lycoming County government agreed to absorb \$3,955,000 enabling the Authority to financially manage their annual debt service.
- The Authority conveyed the Facility to the County as a result of the county absorbing that Authority debt .
- A leaseback of the Facility by the County to the Authority was created and \$267,267 is currently owed to the County.
- The 2006 bond was refunded on December 15, 2011 in the amount of \$4,525,000 and has a current outstanding balance of \$2,685,000. Since 2012, the County has had to act on its guarantee of this bond and has paid approximately \$2,218,401 in principal and interest on this bond since.
- The Lycoming County Recreation Authority had a \$300,000 line of credit which was paid off by the County and closed in 2018.
- In 2015 and 2016 the County made loans to the Authority totaling \$236,786.48 which remains unpaid.
- The County also loaned the authority \$133,743.16 in 2018 which remains unpaid.
- As part of the County's agreement with the current operating company, the County has given them \$350,000 since 2016 to keep their bank account balance at a minimum of \$50,000.
- RMS loaned the Authority a total of \$1,019,322 in the early '90s which remains unpaid.
- As part of the 2012 County bond \$1,000,000 was earmarked for recreation projects and was provided to the Authority in 2017 for needed capital improvements.

County of Lycoming  
 General Obligation Bonds, Series A of 2012  
 General Obligation Bonds, Series B of 2012

## New Money

Date	Principal	Coupon	Interest	Semi-Annual Debt Service	Annual Debt Service
2/15/2012					
8/15/2012					
2/15/2013			17,714.63	17,714.63	
8/15/2013			16,436.25	16,436.25	34,150.88
2/15/2014			16,436.25	16,436.25	
8/15/2014	35,000.00	1.250%	16,436.25	51,436.25	67,872.50
2/15/2015			16,217.50	16,217.50	
8/15/2015	35,000.00	2.000%	16,217.50	51,217.50	67,435.00
2/15/2016			15,867.50	15,867.50	
8/15/2016	35,000.00	2.000%	15,867.50	50,867.50	66,735.00
2/15/2017			15,517.50	15,517.50	
8/15/2017	35,000.00	2.000%	15,517.50	50,517.50	66,035.00
2/15/2018			15,167.50	15,167.50	
8/15/2018	35,000.00	2.000%	15,167.50	50,167.50	65,335.00
2/15/2019			14,817.50	14,817.50	
8/15/2019	35,000.00	2.000%	14,817.50	49,817.50	64,635.00
2/15/2020			14,467.50	14,467.50	
8/15/2020	35,000.00	2.250%	14,467.50	49,467.50	63,935.00
2/15/2021			14,073.75	14,073.75	
8/15/2021	40,000.00	3.000%	14,073.75	54,073.75	68,147.50
2/15/2022			13,473.75	13,473.75	
8/15/2022	40,000.00	3.000%	13,473.75	53,473.75	66,947.50
2/15/2023			12,873.75	12,873.75	
8/15/2023	40,000.00	3.000%	12,873.75	52,873.75	65,747.50
2/15/2024			12,273.75	12,273.75	
8/15/2024	40,000.00	3.000%	12,273.75	52,273.75	64,547.50
2/15/2025			11,673.75	11,673.75	
8/15/2025	45,000.00	3.450%	11,673.75	56,673.75	68,347.50
2/15/2026			10,897.50	10,897.50	
8/15/2026	45,000.00	3.450%	10,897.50	55,897.50	66,795.00
2/15/2027			10,121.25	10,121.25	
8/15/2027	45,000.00	3.450%	10,121.25	55,121.25	65,242.50
2/15/2028			9,345.00	9,345.00	
8/15/2028	50,000.00	3.450%	9,345.00	59,345.00	68,690.00
2/15/2029			8,482.50	8,482.50	
8/15/2029	50,000.00	3.650%	8,482.50	58,482.50	66,965.00
2/15/2030			7,570.00	7,570.00	
8/15/2030	50,000.00	3.650%	7,570.00	57,570.00	65,140.00
2/15/2031			6,657.50	6,657.50	
8/15/2031	55,000.00	3.650%	6,657.50	61,657.50	68,315.00
2/15/2032			5,653.75	5,653.75	
8/15/2032	55,000.00	3.650%	5,653.75	60,653.75	66,307.50
2/15/2033			4,650.00	4,650.00	
8/15/2033	55,000.00	3.875%	4,650.00	59,650.00	64,300.00
2/15/2034			3,584.38	3,584.38	
8/15/2034	60,000.00	3.875%	3,584.38	63,584.38	67,168.75
2/15/2035			2,421.88	2,421.88	
8/15/2035	60,000.00	3.875%	2,421.88	62,421.88	64,843.75
2/15/2036			1,259.38	1,259.38	
8/15/2036	65,000.00	3.875%	1,259.38	66,259.38	67,518.75
<b>Total</b>	<b>1,040,000.00</b>		<b>521,157.13</b>	<b>1,561,157.13</b>	<b>1,561,157.13</b>

# GOLF COURSE EXPENDITURES

A	B	C	D	E	F	G	H	I	J	K	L	M	
1	Year	2011 Bond		Operating Loans		Payoff LOC	Loans to keep cash at \$50,000 per contract			Total			
2													
3	prior to 2000			130,000.00									
4	2012									113,687.75			
5	2013									349,378.48			
6	2014									351,380.00			
7	2015									478,846.25			
8	2016									561,752.76		12 thru 15	
9	2017									500,145.84			
10	2018									578,711.86		1,640,610.46	16 thru 18
11	TOTALS									2,933,902.94			

## White Deer Financial Picture 2013-2018

YEAR	2013	2014	2015	2016	2017 Forecast	2018 Budget
<b>ROUNDS</b>	61,666	59,505	55,057	53,173	52,453	56,000
<b>REVENUE</b>						
Greens Fees	\$487,657	\$430,367	\$401,834	\$577,477	\$510,115	\$543,975
Cart Fees	\$314,016	\$314,589	\$286,938	\$251,609	\$287,731	\$305,425
Driving Range				\$36,183	\$38,606	\$45,275
Activity or Pass Card Sales				0	\$3,044	\$8,125
Pro Shop Sales	\$189,584	\$164,585	\$137,415	\$107,685	\$120,215	\$123,173
Food & Beverage	\$21,264	\$369,647	\$369,059	\$308,585	\$332,004	\$356,656
Annual Membership Dues Income	\$317,382	\$313,667	\$320,516	\$294,975	\$306,157	\$322,000
Miscellaneous Income	\$284,039	\$249,945	\$216,264	\$2,737	\$0	0
<b>TOTAL REVENUE</b>	<b>\$1,613,942</b>	<b>\$1,842,800</b>	<b>\$1,732,026</b>	<b>\$1,579,251</b>	<b>\$1,597,872</b>	<b>\$1,704,629</b>
<b>COST OF SALES</b>						
COGS - Pro Shop Merch.	\$140,877	\$126,023	\$101,607	\$76,780	\$78,388	\$83,057
	74.40%	76.60%	73.90%	71.30%	65.30%	
<b>GROSS INCOME</b>	<b>\$1,473,065</b>	<b>\$1,716,777</b>	<b>\$1,630,419</b>	<b>\$1,502,471</b>	<b>\$1,519,484</b>	<b>\$1,621,572</b>
<b>OPERATIONAL LABOR + EXPENSES</b>						
Golf Operations Expense	\$291,550	\$248,031	\$221,191	\$171,439	\$126,322	\$135,277
General & Administrative Expense (Inc Payroll Burden)	\$428,936	\$419,350	\$356,241	\$718,608	\$702,892	\$665,412
Golf Course Maintenance Expense	\$713,434	\$689,103	\$684,345	\$512,655	\$513,692	\$542,167
Food and Beverage Expense + COGS	\$0	\$335,177	\$371,808	\$297,066	\$238,907	\$251,304
Golf Cart Lease	\$30,345	\$30,345	\$30,345	\$	\$	\$
Capital Leases/Expenses	?	\$62,505	\$19,190	\$	\$	\$
<b>TOTAL EXPENSES</b>	<b>\$1,464,265</b>	<b>\$1,784,511</b>	<b>\$1,683,120</b>	<b>\$1,699,768</b>	<b>\$1,581,813</b>	<b>\$1,594,160</b>
<b>EBITDAR</b>	<b>\$8,800</b>	<b>-\$67,734</b>	<b>-\$52,701</b>	<b>(\$197,297)</b>	<b>(\$62,329)</b>	<b>\$27,412</b>
<b>F&amp;B Contribution</b>	Leased	\$34,470	-\$2,749	\$11,519	\$93,097	\$105,352

