

Reading Country Club

MARCH 25TH, 2019

Additional Costs Related to Agreed Upon Procedures Report

- Total amount financed: **\$3,050,000**
- Bond became a taxable bond: **\$2,749,105**
- Cost of issuance: **\$300,895**
- Rate increased from **3.70% to 4.45%**
- Additional interest cost to Township for taxable bond: **\$205,875**
- Required conversion of bond from tax-free to taxable prompted increase of **0.22** in tax millage.
 - Debt service tax increase required due to an additional **\$930,000** in payments as a result of the conversion.

Additional Costs Related to Agreed Upon Procedures Report

RCC Golf	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	TOTAL	AVERAGE
REVENUE	684,544	671,445	736,965	748,818	720,210	713,487	648,954	770,416	596,271	576,927	\$ 6,868,037	\$ 686,804
OPERATING EXPENSES												
RCC Operating Expenses	637,798	670,191	645,823	713,291	713,382	673,928	687,303	681,170	730,681	704,072	\$ 6,857,639	685,764
Public Works projects	45,839	64,855	82,084	93,341	32,225	61,512	36,212	29,936	72,788	5,167	\$ 523,959	1,039.78
Supplies	-	-	21,160	17,107	4,886	6,069	3,693	8,257	-	-	\$ 61,172	
Total expenses	683,637	735,046	749,067	823,739	750,493	741,509	727,208	719,363	803,469	709,239	\$ 7,442,770	
Net	907	(63601.02)	(12102.38)	(74921.45)	(30283.11)	(28021.63)	(78254.26)	51053.27	(207197.56)	(132312.10)	(574733.16)	


Loss of General Fund Provided Services

- Every \$1 spent from the general fund to support the Reading Country Club means \$1 less available for other departments.
 - Reduction in manpower;
 - 34 officers in 2005; 2015-2017: 28 officers.
 - Traffic Unit eliminated.
 - Community Policing initiatives eliminated.
 - Loss of accreditation.
- Parks & Recreation Department:
 - Deferred maintenance and lack of necessary upgrades;
- Stormwater management;
 - Deferred maintenance/replacements on bridges & culverts.

Operational Challenges – Rounds of Golf

Who is using the golf course?

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2018 Data		
Total Rounds Played	16,090	
Rounds played by Township Residents	4,292	27% of total rounds
Individual Residents who played	 512	2.0% of population (25,550 residents)
Residents playing more than 10 rounds	98	19% of resident golfers
Rounds played by top 10 golfers	1,163	27% of resident rounds

Operational Challenges – Rounds of Golf

Who is using the golf course?

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Player	Rounds of Golf - 2018
Golfer 1	156
Golfer 2	152
Golfer 3	151
Golfer 4	143
Golfer 5	111
Golfer 6	108
Golfer 7	93
Golfer 8	85
Golfer 9	83
Golfer 10	81
Total:	1163

Operational Challenges

Expense Per Resident User	
Reading Country Club	\$257
Exeter Public Library	\$27
Parks *assumes 25% usage, below national average of 75%	\$30

Operational Challenges

Non-Budgeted Expenses

- Additional non-budgeted requirements:
 - Course Maintenance Labor;
 - Outing Labor;
 - Patio Grille Labor;
 - Management:
 - General Manager;
 - Marketing;
 - Equipment.

Non-Budgeted Operational Expenses Course Maintenance

Minimum Staffing Structure	Budgeted for 2019
<ul style="list-style-type: none"> •2 full-time employees. •5 weekday part-time employees. <ul style="list-style-type: none"> •20 hours/week per employee. •Each employee is needed concurrently. •\$17.45/hour minimum pay per union contract. •3 weekend part-time employees <ul style="list-style-type: none"> •Saturday and Sunday, work concurrently. •\$17.45/hour minimum pay per union contract. 	<ul style="list-style-type: none"> • 2 full-time employees • 4 part-time employees
\$343,667	\$244,212

Non-Budgeted Operational Expenses

Outings

- Set-up of carts, check-in golfers, set-up sponsorship signs, etc.
- Breakdown – carts, signs, clean-up.
- Set-up for post golf event (lunch/dinner, etc.).
- Clean-up following post golf event.

21 staff hours per outing x \$10/hr (blended rate) = \$210/outing

Assuming 18 outings = \$3,780

Non-Budgeted Operational Expenses

Patio Grille

- Breakfast service
- Lunch service
- After outings/tournaments

8 staff hours/day x \$10/hr x 100 days = \$8,000

Management Staff Shortage

Position

Cost

General Manager

\$82,500

Marketing Budget:

\$135,000

Total:

\$217,500

General Manager: Oversee Golf Pro, Pro Shop, Golf Operations, Patio Grille, Course Maintenance, Customer Service. Interact with Accounting, Human Resources, Township Administration.

Marketing/Sales Professional: Develop marketing plan to increase business to include, rounds of golf, outings, tournaments, etc. (Contracted position)

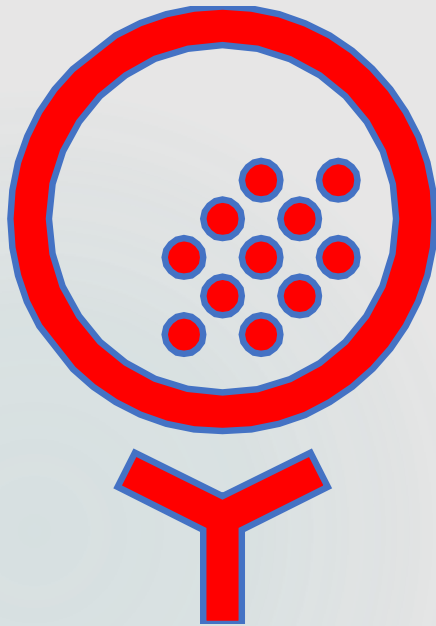
Non-Budgeted Course Equipment

- Greens mower: \$34,500
- Surrounds/utility mower: \$44,488
- Tee Mower: \$32,807

TOTAL: **\$111,795**

Operational Expenses – Non-Budgeted Items

	2019 Budget	2019 Operational Requirement
Administration	19,475	19,475
Course Maintenance	363,882	363,882
Pro-Shop	150,503	150,503
Non-Budgeted items		
<i>Course Maintenance – Req'd Labor</i>	0	99,455
<i>Outings – Labor</i>	0	3,780
<i>Patio Grille - Labor</i>	0	8,000
<i>Management/Marketing</i>	0	217,500
<i>Equipment</i>	0	111,795
<i>General Fund Budgeted Expenses to Highway Department</i>	0	16,773
Total Expenses:	\$533,859	\$990,164



Cost to open/operate golf course: **\$990,164**



Cost to maintain pending action: **\$35,000**