



# DAUPHIN COUNTY GENERAL AUTHORITY

# DCGA - Real Estate Projects



# DAUPHIN COUNTY GENERAL AUTHORITY

- ▶ Incorporated in 1984 as a Municipal Authority and operates pursuant to the Pennsylvania Municipal Authorities Act.
- ▶ Since 1984, the DCGA has been actively involved, serving as conduit issuer for many not-for-profit entities in Central PA, providing them access to the tax-exempt capital markets.
- ▶ In 1985, the DCGA established two bond pools to provide low-cost, easy access to the tax-exempt bond market.
- ▶ From 1985 to 2009, the DCGA actively provided tax-exempt bonds for school districts across the Commonwealth.



# DCGA - Real Estate Projects

- ▶ The DCGA owned and operated the long-term parking lot at Harrisburg Airport, prior to the construction and opening of Harrisburg International Airport, now owned and operated by Susquehanna Area Regional Airport (“SARA”).
- ▶ Over the years, the DCGA bought and developed real estate projects in Dauphin County and at the Pittsburgh Airport.
- ▶ Real estate projects in Dauphin County included the Forum Place, Riverfront Office Center, 100 Market Street, the Health and Human Services Building, the Dauphin Highlands Golf Course and several Magisterial District Justice offices.

# DCGA - Real Estate Projects

- ▶ Beginning around 2010, following the closure of the school pool programs, the DCGA began to jettison real estate assets that were non-performing assets.
- ▶ Today, the DCGA owns the Riverfront Office Center, the Dauphin Highlands Golf Course and several MDJ buildings.
- ▶ Until the COVID virus spurred a strong renewed interest in golf, the Dauphin Highlands Golf Course required annual contributions from the DCGA to subsidize operating losses and capital investments.
- ▶ Over time, the DCGA has provided approximately \$6,514,000 in financial support for the Highlands.
- ▶ This liability appears on the DCGA financial statement.

Dauphin  
Highlands  
Golf Course



# Dauphin Highlands Golf Course

- ▶ Prior to 2013, the DCGA managed the golf course with “in-house” staff.
- ▶ From the opening in 1994 through 2012, the Highlands did not operate profitably.
- ▶ Beginning in 2013, the DCGA retained Billy Casper Golf (now TROON Golf Management) to manage the Highlands.
- ▶ Both rounds played and operating performance improved dramatically.
- ▶ Today, the Highlands realizes approximately 50,000 rounds, assuming very good weather.
- ▶ At 50,000 rounds, the golf course is essentially a break-even business model.
- ▶ However, in addition to the operating costs, the cost of equipment and required golf course improvements has been a strain and drain on cash.

# Golf Course Investment

- ▶ In recent years, the DCGA has re-built almost all the bunkers on the course.
- ▶ Several tee boxes have been re-built, and the tee expansion/construction should conclude by late 2025.
- ▶ And, the DCGA has re-invested in new golf carts, every 4-5 years.
- ▶ Most recently, the DCGA installed new screen monitors in the entire golf fleet to provide accurate golf course yardage and location information, as well as a state-of-the-industry weather alert system.
- ▶ The new weather alert system will provide accurate and timely reporting of severe weather in the area and allow ample time for golfers to return to the clubhouse.
- ▶ In the past 2-3 years, the DCGA has replaced nearly all the lawn mowers with new equipment.
- ▶ Last year, the DCGA bought a robot lawnmower to cut the grass on and around the practice facility. This investment reduces labor costs.



# Golf Course Investment

- ▶ This year, the DCGA replaced the ceiling tiles and lighting in the 5 Iron Grille to improve lighting and appearance.
- ▶ The DCGA is in the process of upgrading the clubhouse security system, which should be completed by year-end, 2025.
- ▶ The DCGA is also exploring the ability to draw water from the adjacent quarry property to provide a water source for the golf course.
- ▶ Currently, and in recent years, the well water source on the golf course has been depleted, and we now purchase municipal water in the summer months. This expense is approximately \$60,000, annually.



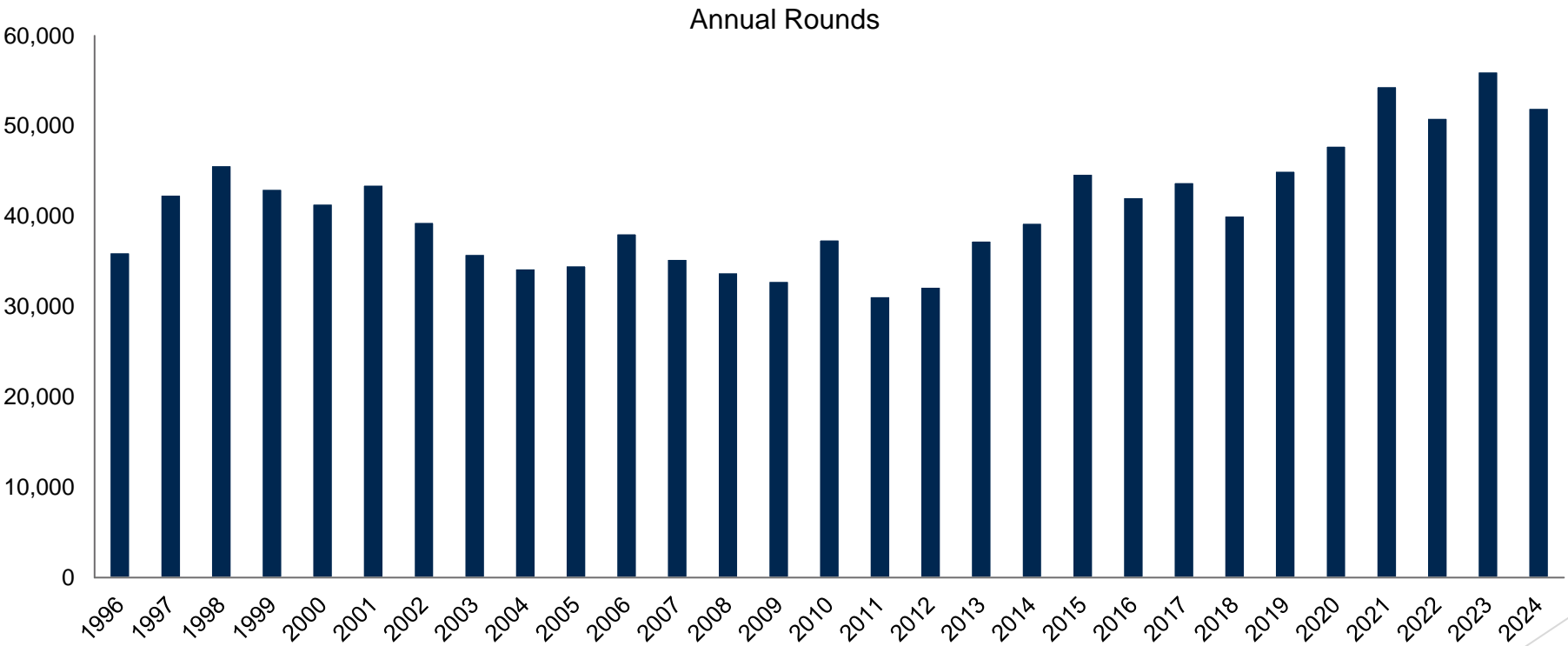
## Dauphin Highlands - Comments/Questions Posed



# Dauphin Highlands - Comments/Questions

- ▶ The average rounds per year, since 2018, is slightly greater than 50,000.
- ▶ The golf course is essentially a break-even operation, and capital costs are not included in the operating statement expenses.
- ▶ The bank debt is approximately \$6,461,000.
- ▶ The bank debt includes debt from the original financing, as well as a loan to replace the irrigation system in 2020.
- ▶ The amount owed to the DCGA is approximately \$6,514,000. This amount covers nearly 40 years of financial assistance for operating and capital costs.
- ▶ 2018 Rounds = 40,090
- ▶ 2024 Rounds = 52,015
- ▶ 2023 Rounds = 56,029 - the highest rounds, ever.

# History of Rounds





# Dauphin Highlands - Comments/ Questions

- ▶ The DCGA, with the participation of TROON Golf Management, spent nearly two years evaluating revenue enhancement opportunities, including dining/special event space and golf simulators.
- ▶ Most notable of the options is the vacant 2<sup>nd</sup> floor of the clubhouse.
- ▶ After evaluating several business model alternatives, the DCGA concluded that the 2<sup>nd</sup> floor renovation did not provide positive financial support and would have required additional debt.

# Dauphin Highlands - Comments/Questions

- ▶ As mentioned earlier in this presentation, the DHGC purchases municipal water to provide adequate water to irrigate the golf course.
- ▶ Prior to 2017, the DHGC was able to extract water from the adjacent quarry.
- ▶ This expense is approximately \$60,000, annually.
- ▶ The DCGA drilled several wells, in the past 5 years, but none of the wells provided enough flow to warrant the expense of a new well.
- ▶ Currently, the Authority is exploring the ability to extract water from the quarry.
- ▶ At this time, we do not have an agreement or assurance that we can access the quarry, and we continue to discuss the matter with the quarry owner.
- ▶ If the quarry agrees, the payback period for the DCGA is approximately two years and could, potentially, provide ample water for a significant period of time. This could reduce operating expenses and would improve the appearance of the golf course if the water level in the ponds was at full capacity.