

**Ocean Pines Association**  
**Budget and Finance Committee**  
**2021/2022 Budget Review Meetings - Executive Summary**  
dated January 12, 2021.

The OPA Budget & Finance Committee offers the following Guidance and Recommendations, Meeting Highlights, and Action Items that were drawn from the minutes of the Annual 21/22 Budget Review Meetings held January 6<sup>th</sup> through 8<sup>th</sup>, 2021.

**Guidance and Recommendations –**

**Disposition of 20/21 Forecast Surplus** – B&F recognizes that we have a \$650K year-end surplus projected by the GM. We realize that this is only a forecast and is subject to change as we close out the year. There is a meaningful degree of confidence that we will complete the year with some level of a surplus. B&F recommends that the first use of this surplus should be offset the prior year loss on the Balance Sheet of \$162K, leaving an adjusted forecast of \$488K. B&F recommends that the Board earmark a portion of the remaining surplus as a contingency amount to remain in Retained Earnings. This contingency surplus could act as a covid buffer in the 21/22 budget year or some unforeseen events in the current year. Any remaining surplus should be used to reduce the 21/22 budget. This reduction can be accomplished by pre-spending in the current for any planned 21/22 expenditures that can be accomplished in the current year. In addition, the Board can move some of current year budget proceeds into drainage reserves for next year there by reducing the increase in next year's contribution to drainage reserve. B&F will defer to the good judgement of the Board and GM to execute and apportion the forecast surplus.

**21/22 New Capital Spending** – For the new capital proposed of \$232K B&F recognizes that this could be funded from the new capital reserve or as an increased assessment for the new year. B&F has given its recommendation to not proceed with the Sport Core Pool as previously planned as well as reallocating the funds previously set aside in the reserve for this project. Of the two projects on the books B&F supports the Racquet Sports project as the top priority with expanded marina docks as secondary priority. B&F still struggles with how you measure the success of adding temporary docks. There has been much discussion on the use of the new capital reserve for these projects. It was suggested that further review of the new capital policy should be conducted to determine if using it for the planned \$232K for the two projects is acceptable. Using the new capital reserve for these projects should not require an assessment contribution.

**Highlights (excerpts from minutes, incl. other B&F comments) –**

**Day 1 Beach Club, Clubhouse Grill, & Yacht Club, Matt Ortt Companies**

YC - Ortt Cos. 2021 venue banquet tracking report was presented, potential revenue of \$335K minimum to date, expected to grow with additional bookings. Ortt Cos. are extremely optimistic about the coming banquet season.

CG - Should Golf Ops get a small sales commission for bringing in Clubhouse banquet business? B&F agreed to discuss the idea at a later time.

Final

B&F noted that rolling all three venues into a bottom line, looking at approx. \$200K budgeted profit. All agreed.

### **Day 2 Opening discussions, Fire, Fin, Member, IT, Admin, GM, P/R, Golf**

Approx. \$168K left of old deficit, not presently added to the 21/22 budget nor assessment.

GM estimated that OPPD proposed budget offers a favorable offset (Payroll decr.) to the assessment increase. B&F noted in the Assessment Detail, Section 1, Pg. 5 shows a \$5 increase.

Discussion re: insurance increases. B&F noted that under the circumstances, any proposals for self-insuring would not be advised, however, investigating savings from higher plan deductibles should be considered.

B&F inquired as to the status of request to engage a technical writer. Under consideration by Fin Dept at this time.

OPA By-Laws, that effort may require funding sometime this year or next. B&F can advise, but BoD must be involved with review for funding.

B&F raised a question about the budgeted casino funding amount going up \$25K, \$325 to \$350K. OPA cut of the casino funds is set, but amount is flexible. Fin Director was comfortable with the \$350K estimate. B&F agreed.

It was agreed that OPA would maintain its' existing bank relationships rather than chase better 'introductory' rates from other institutions.

CG - B&F Chair re-visited idea to provide some credit to Golf Ops budget for F&B revenue generated from golf banquets. President Perrone advised that no such changes would be permitted currently under Ortt Cos. contract, but topic could be reviewed for consideration at a later time.

Golf - Allocations for electric charges at the golf club were again reviewed. Golf Maint. has their own meter, a further review and possible adjustments were recommended.

### **Day 3 Genl Maint, PW, CPI, Recs, R&P, Marina, Bulkheads, Roads, Police, Reserves**

Vice President Horn stated that HR would have to look at the PW wage structure and do a simple survey of the area's entry level wages. B&F in agreement.

Brief discussion on suggestion to move some budgeted road reserve funds over to aid drainage project. GM acknowledged plan for the Comm Ctr parking expansion is still being worked, present cost estimate ~\$59K, not in 21/22 budget but could impact Road Reserves eventually.

Discussion continued about the potential movement of reserve funds between roads, drainage, and bulkheads and what the ultimate impact would be to any assessment increase. B&F cited the need to do a full discussion among committee members before making a recommendation.

GM moved on to the proposed bulkhead assessment increase to \$40 over prior year \$19 (\$21 incr.). After some discussion GM suggested \$25 instead of \$40 would be his current target. B&F supports this change.

Final

President Perrone encouraged GM to get the immediate (OPPD) vehicle need before the next BoD meeting. Whether the additional cost will be borne by the present year budget or added to the 21/22 proposed budget is TBD. B&F agreed that two vehicles should be considered by the BoD.

Marina - Discussion ensued regarding whether security expenses should be borne by the YC. At present, expense will likely remain with the Marina.

#### **Day 4 Aquatics, Parking, Racquet, Drainage Reserves**

Racquet Sports submitted new request, approx. \$33K, for deferred tennis court repairs. This expense is not presently included in 21/22 budget. Discussion suggests it should be operational r&m expense but should be presented to BoD for approval. B&F recommended expenditure be funded from present 20/21 budget, final disposition tbd.

B&F recommended mailbox cluster improvements should be included in any beautification plan.

#### **Action Items (excerpts from minutes) –**

**Fin** – Clubhouse Grill electricity costs were examined and how those costs are split was discussed. Electric costs (from a single meter) are allocated based on square footage. Fin Dept agreed to review the allocation and update as appropriate.

**OPVFD** - Director Parks noted that the OPVFD should update their reserves list as part of 'DMA Lite'.

**Parks** - Interest Rates charged to members must be changed to accommodate 6% mandate; Treasurer Parks took action to introduce BoD motion.

**Fin** - Question was raised have we seen any ROW revenue from Comcast, Fin Dept. agreed to investigate.

**GM** - A Segal contract payment was made, where posted? GM took action to investigate.

**Fin** - Fin Dept agreed to review the CPI fee schedule for possible changes.

**GM** - It was noted by GM to re-order the budget presentation agenda going forward to streamline staff attendance.

**GM** - President Perrone encouraged GM to start shopping bulkhead contracts if lower price can be locked in for the 21/22 budgeted work.

**Fin** - Bulkhead Staging expense is located Line # 594, Equipment, however 21/22 budgeted expense was missing. Fin Dept to make appropriate budget adjustment.

**PW** - B&F inquired about trying to decrease electrical costs by converting large outdoor lights to LEDs, e.g., golf club parking lot. Eddie agreed to change over to LEDs where possible.

**Fin** – Marina submitted new capital request, approx. \$7K, to purchase a dock fender protection system, GM/Fin to evaluate this new request for inclusion.

Final

**GM** – President Perrone encouraged GM to get the immediate (OPPD) vehicle need before the next BoD meeting.

**GM** - President Perrone suggested that GM begin process to determine how much funding may be needed for these police reform mandates and discuss putting something into the New Capital Reserve to blunt any potential last-minute hits to operational funds. GM agreed, said Chief can prepare those numbers, made note for Finance.

**Fin** - GM tasked Fin Mgr to verify that the SCP doors were completed and that this year’s request for the Beach Club doors is correct.

**Fin** - Treasurer Parks inquired about the Reserve Study reference numbers as not all replacement items included an appropriate reference. Fin Mgr agreed to gather the missing references.

**Parks** - Treasurer Parks expressed his prior concern over the process of how funds are added and distributed from the New Cap Reserve and volunteered to drive work on formalizing the process.

**GM** - Treasurer Parks encouraged GM to pursue immediate \$10K spend for the North Gate Bridge repairs.

**GM** - PW manpower needs, and present wage issues are recognized and will be reviewed. More detailed estimates for T-Dock expansion will be prioritized per request.

**Fin** - Colby discussed all proposed Racquet Sports rate changes with attendees and agreed to a follow-up dues/fees schedule review with Finance.

**GM**- Racquet Sports submitted new request, approx. \$33K, for deferred tennis court repairs. This expense is not presently included in 21/22 budget. Discussion suggests it should be operational r&m expense but should be presented to BoD for approval.

**B&F** - President Perrone asked that a list of the new, additional budget items be included in a meeting summary. Completed, included below.

**Colby** - President Perrone expressed concern with the trending bottom line losses in the Aquatics budget and asked mgmt. to review what could be done to mitigate.

**Fin** - Discussion suggested that proposed 21/22 Beach Parking revenue estimates be reviewed.

**B&F** - B&F will initiate DMA Lite review late winter or early spring, Tom Piatti to lead effort. (added following meeting reviews)

**Additional proposed budget items:**

<b>Item:</b>	<b>Amount:</b>	<b>Reserves/Ops:</b>
Admin Parking Lot	\$59K	Road Res
Marina Dock Fenders	\$7K	Repl Res
Police vehicle	\$44K	Repl Res
Mailbox re-furb	\$157K	TBD
Bulkhead staging Exp	\$28K	Ops
Racquet Courts R&M	\$33K	Ops