

## BUDGET & FINANCE MEETING MINUTES

### MS Teams Meeting

2/23/2021

Attendees: Dick Keiling (Chairman), Brian Reynolds, George Solyak, Tom Piatti, John O'Connor, Don Bonafede and Don Nederostek; Non-Committee: Doug Parks (Liaison), John Viola, Steve Phillips and Julia Johnson. Public: Greg Ellison

Meeting called to order at 10:02 AM

No Public Comments

Minutes from 1/27/21 were approved.

**Reserve Study/Design Management Associates (DMA)** – Point of contact for information pertaining to the study is Steve Phillips while Linda Martin is coordinating the ground effort with individual departments. B&F Team members Tom Piatti and George Solyak will assist OPA as needed.

The last DMA Study was a comprehensive on-site physical and fixed asset report analysis which started in 2015, with a final report rendered in August 2018. Over the past 5 years, costly improvements such as new buildings, coupled with escalating material costs, require a review. There are several levels of review that DMA can conduct. A discussion between Steve, Linda and Doug Greene (DMA Reserve Specialist) resulted in a price quote for a "level II" analysis which is a review of our asset report along with an abbreviated site visit (~\$15K). After gathering information, DMA will perform their analysis by using proprietary, specialized software to determine an assets economic life while adjusting for inflation and interest rates. DMA would render an updated Replacement Reserve Report which would also suggest a Reserve \$ Contribution level over the next 30 years. Of interest to B&F is to document the increase in Bulkhead replacement costs (from \$225 to \$375 per linear ft) and to add funding for mailbox repair/replacement.

**Worcester County Irrigation Proposal** – JV provided an update on the County proposal to use treated wastewater effluent to irrigate the OP Golf Course. In November, in response to a County solicitation, a consultant from Hydro Designs of Frederick, MD, met with County DPW and OPA officials to discuss the use and environmental effect of treatment plant effluent on the OPA Golf Course. In January, the County Board awarded an \$8,800.00 contract to Hydro Designs for a feasibility study: 1) inspect, test and evaluate the existing golf course irrigation system, and 2) study the wastewater treatment/disposal system. The study will begin in the spring with a final report that would include cost estimates for design plans, consulting, materials and construction.

JV also stated that he was given a tour of the irrigation system a few years back. Although improvements were made over the years, many components are original, are likely to fail and a system upgrade would prevent a deferred maintenance issue.

Although a decision has not been made as to who will bear the cost estimated at \$2-3M, it was suggested by Commissioner Bertino that those costs be levied on OPA residents via their water and sewer bills or be paid by OPA through an assessment increase. Alternatively, "environmental grant" funds may be available. JV will ask John Ross, County Dep DPW Director, to schedule a meeting for a Community update. Meanwhile, George Solyak will develop a list of questions and forward them to JV for him to forward to John Ross.

**NORTHSTAR** – JV stated that the Clubhouse Grille was taken off the NS Point of Sale (POS) system at the request of Matt Ortt Co (MOC) partner Ralph DeAngelus because of an integration issue. Ralph was able to quickly revert to the previous POS system. POS aside, Department confidence in NS is building and financial reports are much improved over the old Lanza system. Julia remarked that due to the low number of transactions at this time of year, we cannot pinpoint issues, but this will change this summer. Steve stated that in his opinion the system (minus POS) is 60-70% operational, but we have yet to implement on-line payment or sales capability. Don N asked about response from the NS Implementation Team, in which Steve stated simple level one issues are easily resolved, but level two software change orders are slow. Dick suggested we conduct a separate NS meeting to address big ticket issues, JV agreed and Doug wants to be a part of that discussion.

**Financials** – During the review in which we were provided detailed P&L Food and Beverage (F&B) reports from MOC for the Yacht Club (YC), Beach Club and Country Club (CC) Grille, a question was raised why there were YC labor costs for January 2021 when the YC was closed. Steve explained that YC year-round manager and chef salaries are paid each month. Many of these individuals are working at the CC Grille and will return to the YC in March. We cannot temporarily lay these people off because they will find other jobs and we will never get this trained talent back. Steve also explained that the \$200K MOC management fee is paid (\$25K) over an eight month period and had already been booked. JV suggested that if B&F has more detailed F&B questions, we can get Ralph DeAngelus involved. Dick's response was that since this is the first time we received MOC detailed reports, give us a few more months of review before we ask Ralph to participate.

JV brought up the issue if the MOC approved sharing individual salary information with B&F. Although B&F is not concerned with this information, Steve will reach back to Ralph to determine if he is okay with this.

January closed with a small budget surplus of \$1.2K for a year-to-date favorability of ~\$1.147M, with ~\$229K in revenue over projections and expenses under projections by ~\$916K. \$1.3M is related to Paycheck Protection Plan (PPP) and Cares Act funding. General Administration was \$30K unfavorable due to legal expenses - \$25K was allocated for the pending referendum vote. Police was \$9K unfavorable due to payroll overtime, Golf Ops/Maintenance was \$6K unfavorable due to maintenance service and supplies. Finance/Recs and Parks was \$12K favorable due to salary and benefit reductions. JV stated they are addressing many golf and racquet sport maintenance issues that have been deferred for 5-7 years. We will see these Board approved improvements being made over the next few months.

Rather than a summary, B&F would like for Steve to return to providing individual financial reports for the three racquet sports. There is importance in seeing individual sport revenue trends, particularly since we expect to see an “upswing” in participation this year. George questioned racquet sport utility costs. Steve replied that costs to heat the building and using water to spray down the clay courts are a factor.

JV stated that John Malinowski has been using the Golf Launch Monitor for golf club fittings. Post COVID restrictions, the plan is to use the Launch Monitor for lessons and indoor tournaments.

**Off Season Use of Golf Course** – Using the course for walking or biking is not supported at this time. Brian explained that OPA does publish a walking trails brochure with two trails that are 2 ½ miles long. He suggested we improve one trail to accommodate bicycling. JV will ask his Team for improvement ideas.

Meeting adjourned at 11:55 a.m.