

BUDGET & FINANCE ADVISORY COMMITTEE MEETING

11/11/2020 MEETING MINUTES

MS Teams Virtual Meeting 9:00 AM

Attendees: Dick Keiling (Chairman), Tom Piatti, Brian Reynolds, George Solyak, John O'Connor; Non-Committee: Doug Parks (Board Liaison)

Meeting called to order 9:04 AM

No Public Comments

Capital Proposal Discussions

There were various capital projects presented over the last two meetings. The team appreciates the work on the part of the GM and his staff to present the various proposals for review. Given the multitude of projects, B&F held a workgroup session to recap and finalize our recommendations and guidance to the Board and GM as preparation begins for the upcoming budget.

The following is a list of the six projects reviewed today with 5 of our 6 members present:

Mailbox Cluster Project

Subsequent to the last meeting it was determined that OPA community mailboxes are not included in our replacement reserves. A number of our mailbox clusters require concrete repairs, some replacement units, pedestal repair/replacement and painting. The estimated cost for this work is \$157K. This would address safety issues, damages beyond repair of some boxes, and the general unsightliness of clusters. Consolidation of some boxes was mentioned by B&F for consideration. B&F **unanimously** supports this project and recommends this work as their **number one high priority project** regardless of the funding source. B&F also strongly recommends that we establish a policy to restrict people from taping messages and for sale signs to existing boxes. This contributes to unsightliness and would impact newly painted boxes.

A second component of this initiative was presented to add new capital for a pavilion roof for six clusters over the next two-years at a cost of \$74K per year or \$144K in total. It was also proposed for consideration, that if we continue at this pace we could cover all mailbox clusters by 2037. Using the current estimate this could be as much as \$1,250K to cover all clusters. Granted, some smaller ones could be consolidated and might require less money to complete. B&F agreed at the last meeting to review this further and formulate our recommendation. B&F believes repairing and painting our existing clusters is sufficient and will go a long way to improving the overall community appearance. We **unanimously** agreed that the cost of adding pavilion roofs is not cost justifiable, both from an initial investment as well as ongoing maintenance expenses. We **do not** recommend moving forward with any part of the project to add pavilion roofs.

Pickleball Expansion

Terry Underkoffler presented a project to expand pickleball at our 9/30 meeting. The project calls for adding 4 new pickleball courts and one single multi-use court for pickleball, junior tennis, instruction, and the addition of wheel-chair tennis. This would involve new capital at a cost of \$120K-\$130K. Terry is pursuing a new court construction grant for \$15K and an additional wheel-chair accessible court grant,

which could reduce the total OPA outlay. B&F recognizes the continued upward trend of pickleball revenue and understands the increased demand OPA is seeing for court time. Likewise, we wholeheartedly support the addition of wheel-chair tennis and junior training in the multi-use area. B&F **unanimously** supports this project as our **number 2 high-priority project**.

Marina Expansion

At our 9/30 meeting Ron Fisher presented a proposal in the early stages to add six slips at a cost of \$50-\$70K of new capital in total. These additional slips would be used for guests while dining at the Yacht Club. OPA is unable to add additional slips for yearly rental due to the parking limitations at the Yacht Club. Ron's incremental informed guess of benefits to the Yacht Club support a reasonable return on this investment. This is something Matt Ortt has been requesting as well. B&F believes this is a good project on the surface. Additional consideration needs to be given for monitoring and enforcing time limits for guest boats. Docking your boat and spending 4 hours at the pool is unacceptable. There was some discussion at the 9/30 meeting to survey other marinas to see how they control temporary usage. Revisiting the economics of increasing Yacht Club business is recommended. Assuming all is sensible including managing use, B&F would consider this **the number 3 high-priority project**.

Recreation Pier

Nobie Violante presented a proposal on 10/28 to build a recreation pier to replace the White Tail Sanctuary crabbing pier previously removed. This would be smaller and would provide for crabbing and a kayak launch. Roughly 8ft wide extending to a T of 20 feet by 20 feet, it would be replacement capital at an estimated cost of \$35K. The proposed new location is off the Grand Canal.

B&F is very concerned about parking and recommends that this be installed at the Swim and Racket Club facility. We **unanimously recommend this project as a Medium level priority**. This provides an additional amenity of interest to our Ocean Pines community.

Boat Ramp Gates

Colby Phillips and Eddie Wells presented a proposal on 10/28 to replace two existing gates at White Horse Park and Mumford's Boat Ramp with electronic swipe card gates. This would be new capital at a cost of \$15K each or a total of \$30K. While this will raise some revenue fees from homeowners and non-residents it will also remove OPA Police Department from the gate keeper function. Likewise, it will address the complaints from neighbors around White Horse Park for noise and after hour use.

B&F believes the cost of \$30K may be understated when you consider the cost to support a remote connection and responding to malfunctions when using a swipe card system. B&F **supports this initiative as a medium priority** but would like to see more information on costs and operational issues. During the presentation it was suggested to contact people trying to use electronic gates for similar purposes to better understand potential issues.

Sports Core Room Addition

Colby Phillips and Eddie Wells presented an updated proposal on adding an all-purpose room to the Sports Core Pool mainly for meetings, training, parties, and programs. The estimated cost is \$209K of new capital for a stand-alone building connected with a breezeway to the existing building. Last year \$100K was set aside in the new capital fund as a potential future project for this. It was noted that the quote had various exclusions such as finish paint, fire system installation, and CATV wiring/connections.

Given the exclusions, estimated initial cost, and unidentified future maintenance and operating cost of this building; the true cost is higher than \$209K.

Although not ideal, OPA does have work arounds for using existing space for training and programs. Likewise, the incremental annual revenue of potentially \$6K to \$8K from parties does not meaningfully justify the investment.

B&F **unanimously** recommends that we **exclude this project for consideration** at this time. This includes not funding additional new capital reserves for this in the new budget. Likewise, we would recommend repurposing the existing \$100K in the new capital reserve toward higher priority projects planned for the upcoming year.

Parks and Recreation

It was noted that the above committee would be submitting proposals for two of our parks. This would also include any money not spent in the current year's replacement capital spend. This project may also include some potential grant money through Kiwanis.

B&F Review of OPA Investments

The second agenda item was to discuss and take steps to satisfy B&F's custodial responsibilities within resolution C-03 and F-01.

We discussed the various items and agreed that B&F would break off into a sub-team of Dick Keiling, George Solyak, and Brian Reynolds. The team would meet with the Treasurer, GM and any others as GM deems necessary to review investment guidelines within F-01 and procedures. It is not anticipated F-01 guidelines would change. Separately, B&F will submit a report to the Board and GM on the condition and qualifications of the Bank of Ocean City and Union Bank.

Other Comments/Questions

Don Nederoskek's name has been put forth for Board vote as a new member of B&F at the upcoming Board meeting.

Request was made to add PPP review at next B&F meeting including associations reporting steps.

Brief comment from Tom and Doug that the South Gate Fire Station will likely surface in our capital discussions leading up to next year's budget.

Had a brief discussion on 401K investment oversight and liability from OPA's perspective. George Solyak will summarize in an email to Doug and team.

Doug as Treasurer raised the issue of our Financial Procedures and Policy Manual update. B&F made the recommendation last year and this year as well in its annual report to the Board to do just such. Given last year's implementation of Northstar it is understandable why it did not move forward. B&F recommends hiring a technical writer to take guidance from staff on procedures in addition to incorporating OPA resolutions. With proper direction and framework, a decent technical writer (ideally with financial background) can do much of the heavy lifting.

Meeting adjourned at 11:10 AM

