

BUDGET & FINANCE ADVISORY COMMITTEE

1/26/2022 MEETING MINUTES

Attendees: Dick Keiling (Chairman), Tom Piatti, George Solyak, Brian Reynolds, Don Nederostek, Don Bonafede, Steve Phillips (SP), Julia Johnson (JJ), John Viola (JV). There were no guests.

Meeting called to order 9:07. There were no public comments. Minutes from the January budget meetings were approved.

1. *General Discussion on Assessment Adjustment.* JV gave an update on key adjustments agreed by the Board after the B&F meetings. The \$600K for the irrigation project was pushed out one year leaving \pm \$500K for 22/23 Replacement Reserve (RR) spending and leaving the RR contribution balance slightly higher than 22%. He noted that removing the \$600K did not affect the base assessment which is now projected to be a \$71 dollar reduction to \$925. Also, other than referencing a few discussions and a Town Hall meeting, the County has yet to come forward with a formal Irrigation Affluent Project proposal or MOU. It was noted that John Ross, the County's lead on this project, retired on December 31.

The efficiencies, and organic growth in revenue across amenities, resulted in a \$94 decrease from last year's \$996. Reconciliation by Department Heads and Board resulted in fine tuning of price increases in Racquet Sports/Aquatics, such as additional \$ for tennis and pickleball. These small pluses and minuses do not affect the assessment. JV provided a summary of changes and commented that bad debt has been decreased; the DMA Study drove a decrease of \$100K to the general RR contribution of \pm \$2M; and funds were allocated to General Maintenance (deferred maintenance) for mailbox repair.

Wages were increased due to Statutory increases in the minimum wage, besides having to increase wages to be competitive. There was an increase of \$38 for the Fire Department to cover additional manpower needs and medical benefits. The bulkhead differential will remain at \$615, general capital spending will be \$494,255K, and there will be an increase in the Roads Reserve of \$350K, which along with Casino funds of \$350K, will bring the total to \$700K. \$400K is allocated for drainage projects, specifically using the Louisiana Pipe solution. **In summary, the \$1.2M 20/21 year-end surplus will be reduced by the one-time assessment reduction of \$450K, \$350K for roads, \$60K for T-docks, thus leaving \pm \$340K remaining in surplus.** A question was asked about the \$12K cost to the install the T-docks. SP opined those costs could come out of the New Capital account which has a balance of approximately \$100K.

2. *Mailbox Repair/Replacement.* After years of indecision, OPA now acknowledges the HOA is responsible for the maintenance, repair and replacement of mailboxes throughout the community. JV remarked that Public Works completed a cursory survey and determined concrete work was needed in some areas, that \pm 100 pedestals should be replaced, and power washing was needed. To begin, a minimal amount of funding was allocated to the 22/23 General Maintenance account for mailbox maintenance and repair. Going forward, replacing the physical cluster box units must be funded via New Capital and that will remain under consideration. B&F recommends a physical survey of all 50 cluster box areas to determine their condition and remaining life. That data should be uploaded into DMA's proprietary software in order to add those assets to the RR and to develop a replacement schedule with potential cost.

3. *Recreation Pier/Kayak Launch at Pintail Park.* The pier and launch, estimated to be \$40-50K, is not in the 22/23 budget. Although after study Pintail Park was deemed the best location, Pintail's bulkhead is scheduled for replacement this year. Once the bulkhead is in place, a portable pier and launch will be

purchased using 23/24 Reserve Replacement funds. However, it is possible that the pier and launch could be purchased and installed earlier if approved by the Board.

4. *Technical Writer for Budget Policies and Procedures Manual.* The need for a Tech Writer has been on the backburner for several years. Dick asked if funds could be set aside for this work. SP stated that although funds have not been specifically earmarked for that project, funds could be moved around to support the project. This subject will remain on B&F's Excel task list.

5. *Fire Department.* During the 4-6 January meetings, B&F recommended the Board support a \$38 assessment increase, which they approved.

B&F also recommended the Board approach the State and County for additional funding which would be based on increasing costs for FD labor, equipment/materials replacement and operating costs. What should be considered are "impact fees" assessed on developers for commercial and residential infrastructure growth within our FD response area.

B&F also discussed expanding the pursuit of FD funds from local businesses and/or pursuing the increase of EMS direct billings. In fact, increasing EMS billings was contained in our 4-6 January meeting minutes Executive Summary. Historically, fund raising activities account for approximately \$120,000 annually, and other funding comes from donations, OPA, grants and the County. In order to approach the Board with a recommendation, Dick tasked George and Tom to put something together for our Liaison to take to the Board.

6. *GM Recruitment Fees.* Presently, not budgeted. The Board is now seeking a recruitment firm. Once a contract with cost is in place, the Board will determine the funding source.

7. *Warming Hut.* The Racquet Center warming hut is a small building which was previously the south entrance guard shack, which was moved to its present location. The platform tennis group is proposing a larger building due to increased and projected play. At this time, JV is hesitant in accepting their recommendation because the building's roofline/footprint may not meet County code for runoff. He suggests we wait until the new pickleball courts are installed before we pursue permits for a new building. As a temporary alternative, Public Works is looking to install electric heaters below the building's soffit, above the highchairs. Portable propane heaters are also under consideration which could be placed near the Adirondack chairs. The installation of a gas firepit like the gas firepit at the Yacht and Country Club is also under consideration.

8. *December Financials.* The months of October, November and December have all been $\pm 30K$ favorable. We continue to see variances in Gen Admin and our legal fees are pretty much within budget with \$50K on the year. Coupon fee revenue is being booked for accrual release. Club House is \$9K unfavorable due to salaries which is offset by favorability in Public Works payroll costs. Some column discrepancies were pointed out to SP who will correct. Meanwhile, all amenities are trending favorable, and golf may make \$200K this year.

9. *Banking.* Dick asked the question where are we with Union Bank? SP stated we still have $\pm \$1M$ with Union Bank and with potential changes in interest rates we should look at other banks. He did look at PNC who did not seem interested nor did they offer better financial products. Don Bonafede stated you may not have close relationships with regional banks as you would with local banks because people move around. Don will phone SP to discussed other banking options.

10. *NorthStar (NS)*. SP stated NS has been very responsive to us from a customer support standpoint, but we do have random problems which are documented. We typically have 8 to 10 open tickets at any given time. There was advance coordination for version update 6.9 which was applied and worked very well. There are no upgrades on the horizon that would negatively affect us as in the past. Presently, a test bed is ongoing for web upgrades so assessments and memberships can be processed on-line.

11. *Closing comments*. Dick reviewed the Action List which will be updated and sent to the committee. He also addressed the Board's changing their monthly meeting to the Wednesday following the 13th business day of the month, which now conflicts with our published monthly schedule. He will look at a few days, such as the 4th Monday of the month and get back to the committee.

Dick discussed the potential of committee members being contacted by the media. If so, the response should be based on numbers published and/or tied to the monthly financials. Or the preferred answer should be to refer media to the General Manager. Further, our committee discussions are documented in minutes, sent to each committee member for concurrence or comment, provided to our Liaison for Board review, and published on the OPA website.

Finally, although as an HOA member a committee member has the right to express or email an opinion to the Board or a Board member, you should specify that your opinion is personal in nature and not necessarily the opinion of the committee.

Meeting adjourned at 10:47 am.