

## BUDGET AND FINANCE ADVISORY COMMITTEE MEETING Minutes

June 27, 2023, Admin. Bldg. 9:00 – 11:00 AM

Attendees: Dick Keiling (Chairman), Don Nederostek, Brian Reynolds, Don Bonafede, George Solyak, Monica Rakowski (Board liaison), John Viola, Steve Phillips.

Absent: Yvette Tanious, John Wherrity

1. **Open Meeting:** D. Keiling, called to order 9:05A

2. **Public Comments:** John Latham

3. **Approval of Minutes 4/25/23:** Approved 5-0

4. **Parks & Rec./ Controllers Report Discussion**

B&F looking for final decision on including the Recs & Parks detail page in the monthly controller's report. B&F's position was that P&Rs is an amenity like all others (Rev. and Exps.) and the committee recommends including this dept in the monthly report. GM decision is to not include the detail page in the controller's report; however, B&F may routinely request said Parks & Recs monthly details report as needed for internal review. B&F will make recommendation to Board for final determination.

5. **Timing to Receive Draft Yr. End External Financials**

B&F requested again to review the year-end DRAFT external financials (Auditor's Report). GM offered to provide said draft upon availability, however, the draft report will not be delivered electronically and must be reviewed in-house only. It was agreed with the GM that B&F would appoint a sub-team to meet with the GM to review the DRAFT financials.

6. **For Review & Yr. End Bad Debt Accrual Analysis**

B&F acknowledged receipt of the Bad Debt Reserve Summary report as provided by Steve. B&F requested more details on the Bad Debt Reserve, gm offered to share details with a B&F workgroup but emphasized need for confidentiality.

**Action Item:** Organize B&F workgroup and schedule appt for detail review along with the external financials.

7. **Review Membership Numbers for New Year**

Through May 31, 2023, amenity memberships are flat or modestly improved from prior year. Beach Parking, Tennis, and Combo packages are generally flat, Aquatics is up significantly while Golf, Platform Tennis, and Pickleball are up modestly. As membership rates remained unchanged from last year, no significant revenue increase is expected. New memberships will continue over the summer, so a potential increase in overall memberships is anticipated.

8. **Review April & May Financials**

**April (Y/E):** OPA had a POSITIVE operating fund variance for APRIL of \$36,130. Revenues were OVER budget by \$54,405 and total expenses were OVER budget by (\$18,275). We have a **POSITIVE YEAR-TO-DATE** operating fund variance of \$1,150,814. Revenues are **OVER budget** by \$1,069,884 and total expenses are **UNDER budget** by \$80,930.

B&F Qs and Notes:

Ortt payout totaled \$252K, (\$200K Mgmt Fee, \$21K Accting Fee, and \$30K bonus from Banquet Sales). Final y/e accrual was \$2.6K.

New Capital Reserve y/e balance \$114K, GM expects to utilize ~\$30K for 23/24.

Significant decrease in P/W/Genl Maint Actual to Budget attributable to continued issues with hiring/staffing. GM reiterated the current hybrid plan to substitute contract labor where/when appropriate to make up for critical labor needs.

B&F re-visited issue regarding Ortt recording COS product rebates as Facility Rental Income. B&F recommends these rebates be reclassified as COS product credits. GM indicated that the rebates will be re-classified for the coming fiscal year.

**May:** For the first month of the new fiscal year, May 2023, OPA had a POSITIVE operating fund variance of \$150,230. Revenues were OVER budget by \$84,819 and total expenses were UNDER budget by \$65,411.

B&F Qs and Notes:

CPI under budget, likely attributable to drop in R.E. Sales and/or accrual timing issue.

OPPD is significantly below budget, all due to staffing issues. GM reported that 3 new candidates are starting Academy and interviews are underway for the open Chief position.

Bad weather in May has had a substantial impact on amenities revenue, particularly at the Marina and Beach Club.

B&F suggested keeping the Golf Clubhouse Grill open later than 6pm to increase revenue there. GM and staff are looking at options.

For the month, Admin Dept recognized \$38.6K revenue above budget. Interest Income (\$22.6) is up due to better interest rates on operating funds and an additional \$16K gained from new EDU's. A question was raised on why EDU payments were included in revenue, aren't these funds held in Reserves? Yes, they become due when a property is C.O.'d and this activity must flow through the P/L.

All Racquet sports are doing well against budget. Hot topic is the renovation/replacement of the Racquet Centre club house. GM, staff, and Racquet Committee all actively involved in proposals/plans for this coming capital replacement. Needed reqs. include more bathrooms,

better storage and Pro Shop enhancements. Concerns include ADA reqs. and need for an elevator if second floor observation deck is considered. Activity surrounding the proposed new OPVFD firehouse continues. The work group is planning an August presentation to the BoD. No decision yet on renovation vs new build. Still working at acquiring additional grant funding.

Re-cap: Four major capital improvement projects being evaluated at this time; 1) Racquet Centre club house, 2) OPVFD Soth-side firehouse, 3) ADA-compliant playground at Bainbridge Park, and 4) New pavilion at the Veteran's Memorial.

Aquatics continues to show much improved performance against budget. Per GM, all pools are fully staffed and open per published weekly schedule. Weather always impacts open air pool schedules.

Golf Ops continues an upward trajectory, new lessons/clinics generating fresh revenue, Pro Shop is fully stocked, thus merchandise sales are up and with better margins. Decrease in Wages & Benefits against budget likely due to benefit changes and/or accrual timing issues.

Beach Club revenue off due to negative weather conditions, some improvement in Wages & Benefits, new management has been hired.

Yacht Club sales are off for the month, particularly in Banquet Sales.

Maybe weather-related or accrual timing issue, B&F asked for additional details on Banquets to see how coming season is expected to play out.

**Action Item:** Task GM for more detailed info on upcoming Yacht Club Banquet Sales.

Bad weather also impacted Marina Sales. Slip Rentals were off slightly against budget but maybe accrual timing.

Significant Capital Expenses for the month include golf cart fleet, rough mower, and finishing up the new Gas 'C' Dock. Roadwork will again complete 3 miles of planned paving, est. 10% increase in expense.

OPA is now investing in short-term US Treasury T-Bills, a small amount (~\$500K) to test the waters and see how it goes. Being managed through Taylor Bank.

Parks & Recs revenue off slightly against budget particularly the Farmer's Market. Camp OP revenue will show up in July/Aug and other accrual timing issues may be at play. Savings in Wages & Benefits may be seasonally related to part-time staffing. Increase in Other Costs may be accrual timing related. Follow-up with review of July and August reports to see if budget smooths out.

## 9. Review Excel Action List

Ops and Policy manual review, B&F completed its work, mark as completed, OPA will advise on further activities/actions.

OPVFD MOU review, B&F completed its work, keep open on hold,, OPA will advise on further activities/actions.

#### **10. Other Comments/Questions**

Announced Northstar/EZ-Links Integration. B&F asked about OPA's \$ investment in this integration effort, suggesting that any software integration efforts with other platforms should be borne by Northstar. GM advised that OPA is not paying for this development effort.

B&F inquired as to status on the North Gate Bridge improvements that were mandated by the County. Guard Rail improvements are still in the works, GM will get the latest status and advise B&F accordingly.

B&F continued to express their concern about the Other Costs category in the Controller's Report and the committee desires to get additional details about what goes into this budget bucket. GM offered to provide more meaningful details in the Controllers Report, Page 4 Operating Results.

B&F questioned the recent report about OPA water/sewer servicing the St Maten's By The Bay development. GM reminded attendees that the 'OPA' water/sewer system is run by the county, and we have no say about who gets hooked up.

#### **11. Adjourn** Meeting adjourned 10:52A