

## **BUDGET AND FINANCE ADVISORY COMMITTEE**

### **FY2019-2020 BUDGET GUIDANCE RECOMMENDATION**

#### **PRESENTED TO OPA BOARD OF DIRECTOR'S, SEPTEMBER 1, 2018**

Revised based on directors' comments at 9/8/2018 meeting with B&F Committee

1. The Budget & Finance Committee under Resolution F-02, Section 2 is offering assistance to the GM and the Board for the FY2019-2020 Budget preparation.
2. For presentation and analysis purposes, Develop Fiscal Year Budget report with the following categories;
  - a. Budget vs. [Projected Current Actual] [Prior Year Budget] [Variances] [Effect on Assessment]
  - b. Any departmental revenue or expense increase or decrease of 5% or \$5,000 whichever is less requires justification. (Resolution F-02)
  - c. Relevant objective performance metrics should be used in documenting expenses and revenues. Items should be properly documented or not included in the budget at all.
  - d. Prior years' revenues and expenses by category should be included for reference.
3. A membership schedule should be presented with detail explanations. Revenue projections should be reflected for each category of membership.
4. Recommend the HR Specialist present to B&F Committee a current payroll study. The study should contain, metrics, comparable salaries for positions in the Budget. There should be an FTE schedule by department. Any changes to staff will need to have complete substantiation. The study should evaluate our salary structure and determine what Quartile classification. There should be a review of benefits and fees. Merit increases should not be "across the board". Merit increase pool should be based on inflation rate. Employees being paid above comparable positions should receive lump sum merit increases if warranted to bring salaries in line with comparable positions
5. Salaries, overtime and FTE'S need to be broken out by time period.
6. Food & Beverage budget should be in line with prior year. Margins should be calculated and explained. The contract with Matt Ort should be presented and explained. There should be a Banquet detailed plan explanation. The Beach Club should be in line with years prior to FY 2016/2017. There should be a

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budget for Tern's Grill reflecting the Country Club Build. If there will be special banquets or "bashes" please list with detail in separate detail.

7. Managers for each fee based amenity should provide Business Plans with details on new revenue generating proposals.
8. B&F to recommend "Hurdle Rate" for evaluating new revenue generating proposals. Rate should exceed rate of return achieved on invested reserve funds.
9. Legal expenses should be broken out by type of spend (i.e. contracts, litigation, etc.) Consultants need to be explained, reason, timeframe, cost per hour.
10. Aquatics should include detail to separate beach parking from all other revenue streams. An explanation of revenue recognition needs to be presented with all programs. Rec & Parks, Racquet Sports and Marina should provide budgets consistent with other amenities.
11. Golf Operations need to reflect the Country Club renovation's effect. A detail of the inventory for maintenance should be presented. The Golf Pro Shop should have a separate plan presented.
12. OPVFD- any custodial account should be closed. Budgeting guidance to be presented separately by Larry Perrone who leads B&F OPVFD subcommittee. (see attachment)
13. Police department, General Administrative, Finance should provide detail of expenses and any revenue. All consultants must be substantiated.
14. Capital budget should be presented separate from operating budget and be structured in a rolling, multiyear format that includes budgeted but unexpended capital items from prior year(s). Multi-year plans should tie into approved Reserve Study amounts. Unexpended amounts from prior years' approved budgets must be budgeted and re-approved in the FY 2019-2020 budget.
15. Business Plans should be presented for requests for new capital expenditures and should include dollars and rationale. Replacement capital expenditures should include dollars and rationale for expenditures.

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Variations should have proper explanations and supporting detail. (No item should be a part of the Capital budget that does not meet the criteria.)

16. Budget & Finance Committee will include a review to ensure proper oversight with a periodic review and follow up of the Capital Budget. Reserve Study will be updated when appropriate.
17. Per Resolution F-03 Financial Reserve Accounts, we are requesting that the Board call upon The Budget & Finance Committee to provide assistance in the review and development of the Reserves. Reference to the Reserve Study guidance. At this time, we believe that there should not be any transfers of among reserve balances. We need an Approved Capital Plan
18. Roads Depreciation – we are recommending this be implemented in the current budget. The funding of roads is now only from casino funds, and county funds (the state depleted the state road reserve account), and the casino source is unpredictable. An approved roads improvements plan must be developed prior to increased funding.
19. Bulkheads- requesting a detailed current fiscal year spending projection. Based upon this projected spend compared to the fund balance and the detailed work plan for FY 2019, B&F will give guidance. Also requesting detail on Swim & Racquet staging area issue costs. An approved bulkheads replacement plan (for OPA-owned and privately owned bulkheads) must be developed to satisfy any continued bulkhead funding in FY 2019-2020.
20. Alternative funding mechanisms for New Capital Expenditures should be explored during FY 2019-2020 with the goal of avoiding funding from Operating Funds
21. All prior year losses need to be addressed with a plan to fund.
22. We have included a proposed calendar for the Budget process.
23. Request Board of Director feedback and guidance by the end of September, to ensure a transparent and timely budget process.

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#### **TIMELINE:**

1. Budget & Finance Committee Recommendations and Guidance to OP Board for FY 2019-2020 Budget. **Saturday, September 8, 2018.** (Emailed Friday, September 1, 2018)
2. OP Board Instructions to the GM regarding preparation and timing of the FY 2019-2020 Budget. **Friday, September 28, 2018.**
3. GM to have first draft of FY 2019-2020 Budget, to Budget & Finance Committee. **Friday, January 4, 2019.**
4. Budget & Finance Committee detailed review of proposed Budget Draft with GM and OP Department Heads. **Wednesday, January 9, 2019. (2 days)**
5. Budget & Finance Committee Recommendations & Guidance to GM based upon final review. Monday, January 14, 2019.
6. GM Proposed FY 2019-2020 Budget Presentation to the OP Board. **Wednesday, January 23, 2019.**
  - a. (The budget is due to be presented by the GM to the OP Board not less than 90 days prior to the beginning of the next FY, (Resolution F-02)
7. The OP Board must present the budget to the membership prior to approval. The budget must be approved by **March 16th.** (Resolution F-02). By-Laws 5.14, (a) (45 days prior to fiscal)