

Budget Guidance to the OPA Board and Minutes
Special Meeting of the Budget and Finance Advisory Committee
February 21, 2019
10 a.m.
Administration Building Conference Room

Attendees:

From B&FAC: John Viola – Committee Chair and OPA Treasurer - (via conference bridge phone); Mary Decker, Dick Keiling, John O'Connor, Jeff Knepper

Others: Colette Horn (Director and Secretary of the Board); Gene Ringsdorf (OPA Assistant Treasurer); Eddie Wells – Director of Public Works, CPI AND General Maintenance; Norbert Violante Jr. - Public Works; Joe Reynolds – OPA Member.

Guidance to the Board based on Meeting Discussions:

1. Motion to reduce Delinquency Interest Rate Charge to 6%
 - a. Financial Impact on FY 20 Budget is Reduction of revenue of estimated \$97,000 or \$11.50 Per Property Owner (PPO) assessment. Estimates provided by Director of Finance.
 - b. Declarations Of Restrictions
 - c. Most of the Declarations for the older sections of OP contained a stated interest rate – 6%. All but one of these (DR for Section 10 per Joe Reynolds) were amended in or about 1990 to read that the rate shall be set by the OPA Board of Directors at an open meeting in February. DR's for newer sections contained the language used in the amendments to the older DR's.
 - d. If, in fact, OPA has been in violation of Maryland law as has been implied by charging 20% for a number of past years, should provisions be made to reimburse relevant homeowners for overcharging them? The consensus is that if OPA was not in compliance with the law, the issue should have surfaced before now.
 - e. **GUIDANCE:** It is up to the Board of Directors to decide to keep the motion as is or to suspend it until the concept is researched further.
2. Matt Ort Company (MOC) contract and work requests:
 - a. Public Works (PW) has performed work for MOC in current FY but no amounts were in its budget for such work.
 - i. With no knowledge of MOC contract, PW not sure what charges are be absorbed by OPA versus MOC.
 - ii. PW has budgeted money in FY 20 for work for MOC
 1. PW does not have any idea if the amount budgeted is valid because it has no detailed info on what MOC wants done
 2. PW does not want to be “hit” for MOC work requests when it has no control over the requests.
 - b. OPA has requested that MOC provide OPA with prudent and conservative projected revenues and expenses for both the YC and BC operations regardless of amounts used for contract/bonus calculations. Currently the FY 20 Budget for YC and BC operations are NOT based on such projections from MOC
 - i. **GUIDANCE:** Board should decide what projections should be used for setting assessment for FY 20.
 - ii. Banquet bookings for FY 20 are said to be very good. Again, without P&L data from MOC on its banquet business, OPA is “in the dark” with respect to what should be in the budget while, at the same time, it is aware that, in the past, we have suffered from amenity budgets which contained unrealistic projections.

1. **GUIDANCE:** B&F recommends that any net profits from FY 20 banquet business (after any bonuses are paid to MOC) should be earmarked for reducing the remaining \$1 million prior-year Operating Fund deficit.
- c. Questions are being raised about actual expenses above budgeted amounts (e.g. utilities) that are excluded in bonus calculations, along with other seemingly minor issues like who pays for the requested BC bathroom monitor.
 - i. **GUIDANCE:** B&F recommends that the Board approve the establishment of a task force, work group, committee or whatever which would be tasked to make a detailed review of the MOC contract and clarify all items of concern.
 1. The group should contain a member or members from the Transition Management Team, B&F Committee and/or other persons who have the appropriate background for this task.
 2. The group should have the authority to interact with appropriate personnel within OPA and/or MOC.
 3. The group would report its findings and recommendations to the Board on as it progresses with its task.
3. B&F concurs with the proposal that two small parcels of land totally approximately 0.4 acre near the North Gate Bridge to be donated to the Maryland State Department of Transportation in order construct a turn-around to handle the traffic coming from the PRMC Medical Complex.
 - a. It was stated the parcels have little to no resale value because they are part of an easement which restricts any commercial development.
4. B&F informed PW that a proposed New Bulkhead Staging Facility should NOT be funded from Bulkhead Reserves. More details are needed by B&F for it to decide the appropriate funding.
5. B&F informed PW that it concurred that costs associated with engineering better bulkhead components can be funded from the Bulkhead Reserves.
6. Granby Road drainage/flooding problems are being addressed in the current fiscal year per PW.
7. \$19 Bulkhead Contribution:
 - a. **GUIDANCE:** The B&F Committee is not opposed to suspending the \$19 PPO Bulkhead Contribution for FY 20.
8. Police Department Pay Adjustment
 - a. **GUIDANCE:** The B&F Committee concurs that this issue needs to be resolved by the Board without comment from the Committee
9. North Star Costs for FY 19 and FY 20 will be reviewed by the B&F committee as soon as the relevant details are made available to it.
 - a. **GUIDANCE:** For protection against unacceptable cost overruns, the B&F committee recommends that reasonable limits based on prudent estimates of the North Star Project work to be performed be incorporated into relevant contracts and agreed to by the parties involved.
10. B&F will review the FY 19/20 forecast.

Submitted by
Gene Ringsdorf
OPA Assistant Treasurer