

BUDGET & FINANCE MEETING MINUTES

MS Teams Meeting

3/31/2021

Attendees: Dick Keiling (Chairman), Brian Reynolds, George Solyak, Tom Piatti, Don Bonafede and Don Nederostek; Non-Committee: Doug Parks (Liaison), John Viola, Steve Phillips, Debbie Donahue and Julia Johnson. Public: Tom Stauss and Greg Ellison

Meeting called to order at 9:02 AM

No Public Comments

Minutes from 2/24/21 were approved.

Worcester County Irrigation Proposal - Questions prepared by B&F Member George Solyak were discussed. JV stated that the County's contracted feasibility study (which will determine cost estimates for design plans, consulting, materials and construction) is in progress and our golf course managers are working with the consultant on an assessment of the OPA Golf Course irrigation system's ability to support the proposal. Until a break-down of costs is known, project timeframe for completion and determining who will bear costs is merely a prediction and does not include potential environmental grants. Once the County completes its review, JV will reach back to John Ross, County Dep DPW Director, to schedule a meeting for a Community-wide update.

Racquet Sports - Debbie Donahue conducted a Racquet Sports financial review by comparing budget to YTD actuals and reported a Mar/Apr end-of-year unfavorable forecast of \$38K, primarily due to membership revenue being down ~\$11K (COVID), \$13K in annual repairs, \$9.4K of last year's repair/maintenance cost being booked in May 2020, and some modest overtime costs. Further, costs associated with water and the Rainmaker irrigation contracted services were higher than expected. However, in 2021/2022 higher revenues are projected due to an increase of events such as tennis tournaments being held in OP rather than Salisbury University. Additionally, events managed by and financially benefitting outside organizations will now be managed by, and revenue will accrue, to OPA. Meanwhile, maintenance projects deferred for many years are currently being completed by Public Works (PW).

Financials - February closed with a small negative variance of \$16.7K, but with March and April remaining the positive variance to budget is \$1.1M, with favorability driven by the Paycheck Protection Plan and Cares Act funding. Through February, YTD operating revenues are over budget by \$124.5K and total expenses are under budget by \$1M. Major monthly favorable variances were Rec/Parks \$17K, maintenance \$13.9, and police \$8.9; unfavorable Public Works \$23K (includes snow related costs), General Admin \$22K due to a true-up of actual expenses vs. Cares Act funding, legal expenses \$6K and Yacht Club \$11K due to a cost of sales budgeting error.

Dick commented that swim class revenue is low and asked if an advertising plan would be put in place. JV replied that we still have to comply with COVID distancing rules which limits the number of people. We are keeping statistics and will advertise when we predict patronage would fall below allowed capacity. As for combined golf ops, Steve stated we are pretty close to budget in spite of losing \$50K in revenue last May.

Steve also stated bulkhead replacement is in progress and we will soon see deductions hit that reserve account and PW is getting costs estimate on 2 ½ miles of road paving this summer.

As for assessment delinquencies, our collection rate is 98% which is above the national average rate of 95-97%. Even though we are fully engaged in collection efforts, (letters and legal action), we typically average 10 properties that are undergoing bankruptcy or foreclosure actions and we can only hope for a partial settlement.

Last year, the County provided \$485K in grant money (\$475K police and \$10K tourism). This year OPA is requesting an increase to \$740K - \$525 public safety, \$150K for infrastructure improvements, \$40K for recreation/parks and \$25K for tourism. The County has started its budget process and a virtual public hearing will be held on 4 May at 7 p.m.

JV stated the previous estimated \$650K year-end operating surplus is now projected to be \$1M due to favorable operating results and lower estimates for Beach Club repairs. He will ask the Board to approve transfer/reallocation of the following: \$350K taken from roads to pay for drainage will be restored to that account, \$200K will be used to eliminate the operating deficit and \$200K for new racquet sport court costs will be booked into the current year, thus leaving a projected year-end operating surplus of \$250K. B&F concurs with this recommendation.

NORTHSTAR (NS) - Dick reminded JV about setting up a separate meeting to discuss NS. JV questioned the value of tying up his small NS Team in a meeting to answer detailed questions, so he and Julia gave us an update. Outside the POS system in which Matt Ortt is willing to eventually work with us on has been put in the sand box and Golf that has yet to be integrated. Meanwhile, Julia stated accounts payable financials and access to reports are good, but software has yet to be developed to integrate a tracking system for CPI or the ability for people to pay for services through a web portal. One key weaknesses was the lack of server capacity for our website and its ability to handle our volume. Hopefully, this was resolved in late March with new processing equipment being brought on-line. Also, there are inconsistencies in the system and we have a backlog of open items that require NS Development Team action. JV is working with NS management for higher development prioritization.

Other - Dick asked the group to consider scheduling our meetings the 4th Wednesday of the month rather than the last Wednesday and all agreed. Longstanding committee member John O'Connor has decided not to continue, but we will invite him as Member Emeritus w/o vote. B&F agreed to continue with a maximum of 7 committee members. Dick will schedule a rotation of those taking minutes. Tom reminded JV and Steve that B&F wants to be involved in the DMA Study – they will ensure we are invited to the first meeting in April.

Meeting adjourned at 11:57 a.m.