



OCEAN PINES ASSOCIATION, INC.
BOARD OF DIRECTORS' SPECIAL MEETING
Monday, January 26, 2015
9:00 AM, Country Club

PRESENT: Dave Stevens, Jack Collins, Marty Clarke, Pat Renaud, Tom Terry, Sharyn O'Hare and Bill Cordwell.

ALSO PRESENT: Bob Thompson, Art Carmine, Teresa Travatello and Michelle Bennett, 3 members of the press and 7 Association members.

Call to Order – Dave Stevens called the meeting to order at 9:10 am with the Pledge of Allegiance.

Mr. Thompson handed out the budget books to the Board; he stated this year's B&F budget sessions went well; Mr. Carmine handed out summary pages to add to their books.

Budget & Finance Committee Presentation-Pat Supik: Pat Supik, chair of the B&F Committee, gave a review of the B&F Committee (attached). She stated the process went well this year. Ms. O'Hare thanked the Committee and then asked if they knew if Ocean City had been successful in the tax differential. The Committee said they had not. Mr. Clarke commented part of a HOA assessment is tax deductible. Mr. Stevens & Mr. Collins clarified with Ms. Supik there was no justification from the Fire Dept. She replied there was no detail explanation. Mr. Stevens asked Mr. Thompson to schedule a briefing with the Fire Dept. Mr. Thompson stated the person in charge of the budget is out of town this week but will get a meeting setup. Mr. Collins requested the log (if there is one) of unbillable (non transports) calls. Mr. Terry pointed out the Fire Dept.'s budget expected funds from the County is also lower. Dennis Hudson suggested asking the Fire Dept. how many calls were outside the Pines, also OPA should look into the funding for those calls that are not in the agreement.

Budget Book Review:

Tab 1 Summary

Mr. Clarke asked why YC payroll is expected to be so high. Mr. Stevens replied we will cover that when get to YC. Mr. Clarke said \$425,609 increase in payroll is staggering, Mr. Collins replied healthcare reform could be a reason for some of the increase. Mr. Stevens asked about the PW training number. Mr. Carmine explained the number Mr. Stevens was looking at was the total for the Association. Mr. Clarke asked how many minimum wage employees we had. Mr. Carmine replied 1 or 2. Mr. Thompson stated we are still reviewing the ever changing laws for any exemptions we may be eligible for.

Tab 2- Administration

Mr. Clarke asked about bad debt expense. Mr. Carmine replied clearing foreclosures. Mr. Clarke suggested adding \$37.16 to assessments for roads maintenance. Mr. Terry asked about the Casino increase. Mr. Carmine replied the opening of Baltimore casino increased our income. Mr. Clarke asked about the 50% increase in legal. Mr. Thompson answered they take a guess at it.

Tab 3- Manager

Mr. Stevens asked about increase in gas/oil. Mr. Thompson stated it is the car allowance in his contract.

Tab 4-Finance

Tab 5- Members

Mr. Clarke asked what generates income in Membership. Mr. Carmine answered fees generated in buying parking passes, etc. Mr. Clarke asked about membership rate history, small increase in Golf, and an increase in Pickleball. Mr. Thompson stated last year was introductory rates. Mr. Carmine clarified there is no increase in golf. Mr. Collins clarified Associate Members are not residents. Mr. Terry asked Mr. Stevens to follow up on all non-resident Membership fees; he doesn't believe they are not paying enough.

Tab 6- P/R & Marketing

Mr. Terry asked if YC & Golf Marketing is included here. Mr. Carmine replied yes. Mr. Clarke and Mr. Stevens asked about outside Marketing. Teresa replied we do advertise in OC and other outside venues. Mr. Stevens asked about having rack cards in hotels in OC. Teresa said that would cost thousands but we do utilize the Ocean City and Ocean Pines Chambers, real estate agencies, weekly rental packets, etc. Dennis Hudson stated other municipalities get marketing funds from the County. Teresa said we actually received \$6,000 this year. Mr. Clarke asked what we are asking from the County this year. Ms. O'Hare replied we haven't figured that out yet. Mr. Clarke asked for the history of County requests and actual received, Dennis Hudson read the breakdown for Worcester County cities from the County Budget. Mr. Terry stated the County must find a way to take care of County residents that live in Ocean Pines. Mr. Thompson told Mr. Clarke he would get a report on past 5 years of County funding.

Tab 7-CPI

Mr. Stevens asked about payroll increase 2 years ago. Mr. Thompson answered that was the Facility Manager.

Tab 8 – General Maintenance

Tab 9- Public Works

Mr. Clarke asked about the Capital Expenditures, he is concerned \$200,000 a year is not enough to maintain the roads; we need to establish a roads program. Mr. Thompson replied we do have a program; we used to have a 10 year plan but had to change to a 15 year plan because of lack of funding from the state.

Tab 10- Bulkheads

Mr. Thompson explained we are finishing up the current replacement cycle; Between May 1, 2015 & May 1, 2016 the Board needs to have discussion on how to plan for the future.

Tab 11 – Fire/EMS

Tab 12- Police Dept.

Mr. Collins said Chief had asked at B&F meetings to increase starting salaries for officers. Mr. Thompson replied it was not included in the budget. Dennis explained Chief has had trouble keeping patrolman by not offering comparable pay, benefits and pensions; he also said 80% more of the police calls this year were outside of Ocean Pines. Mr. Clarke said we should not be providing Police outside of Ocean Pines; we already pay for protection from the County; we should be billing the County for outside calls.

Tab 13- R&P

Mr. Clarke asked about the increase in P/R? Mr. Thompson replied increase is from the number of camp Counselors now needed. Ms. O'Hare stated the Committee is concerned about the gym floor. Mr. Thompson explained OC Flooring has/is repairing (reheating & regluing) as needed, and tracking; will fix the rear drainage before replacing floor Ms. O'Hare asked about Wi-Fi? Mr. Thompson replied that ties into the infrastructure upgrade. Ms. O'Hare asked about ball field fence advertising? Mr. Carmine answered that was not included. Mr. Clarke asked the data on usage of our R&P by non-residents. There was discussion about replacing the bathrooms for White Horse Park. Mr. Clarke suggested using the budget request of \$148,000 to renovate the existing building. Mr. Stevens requested clarification on the restroom situation, an engineering study.

Tab 14-16 - Tennis

Mr. Thompson stated all 3 Racquet Sports have been separated in the budget. Mr. Clarke believes these memberships are nose diving. Mr. Terry stated some players cannot get courts to play on so they will not buy memberships.

Tab 17- Aquatics

Ms. O'Hare asked if pool covers are included. Mr. Thompson said those will be included in resurfacing projects of each pool. Mr. Clarke asked about P/R increase. Mr. Thompson stated we added 1 Full time plus addition of benefits of an existing employee. Mr. Stevens said the propane change is not reflected in

the budget. Mr. Thompson answered they did not budget enough for last year. Mr. Collins asked what we are doing about the splash pad. Mr. Thompson replied there are some workmanship issues but we are working to resolve. Mr. Clarke asked will we no longer allow food & beverage to be brought into S&R. Mr. Thompson answered we want to allow it this year but plan to discontinue next year with the hopes of breaking even by year 2. Mr. Clarke asked about expanding the deck at the Beach Club. Mr. Thompson said there is an underutilized area around pool we wanted to incorporate with the fence replacement.

Tab 18 - Golf

Ms. O'Hare asked if a different vendor is hired, what happens with this budget. Mr. Stevens said the last time Casper had to live with the existing budget. Ms. O'Hare pointed out that this drives the assessment, should we change it? Mr. Stevens says if we don't believe this is attainable then we should absolutely change this budget. Mr. Terry suggests waiting for the information we requested from the RFP finalists. Mr. Clarke asked what the plan for drainage is. Mr. Thompson answered he would like to get revenues up before we address this. Mr. Clarke asked which holes would be next and the proposed cost. Mr. Thompson said holes 8 & 9 at approximately \$350,000. Mr. Clarke stated adding \$350,000 for drainage and changing the budget loss to \$100,000 would equal a \$53 per property owner increase. Ms. O'Hare believes the 5 year funding plan needs to continue for future major capital projects. Mr. Thompson asked to keep the 5 year funding plan to finish paying for the Yacht Club project as stated in the referendum materials and voted for by the membership. Mr. Clarke asked how much has been spent on Country Club maintenance for the last 5 years. Mr. Carmine & Mr. Thompson answered \$69,000 no labor included.

Tab 19- Beach Club

Mr. Clarke wanted to know if we were double checking if entertainment costs were actually paying off. Mr. Thompson replied he has no doubt Lynda Huettner is keeping very good records of that. Ms. O'Hare asked if fixing upstairs bathroom was included. Mr. Thompson said no, but will check into making sure it was added to the maintenance work orders.

Tab 20- Beach Parking

Mr. Clarke highlighted the \$48,000 deduction in revenue that was transferred to Aquatics.

Comments:

Tom Stauss asked how the number deducted from Beach Club Parking and transferred to Aquatics was decided.

Joe Reynolds suggested someone submit a law to the legislators requesting our share of the lottery revenues; he knows of two County Commissioners that would support the effort.

Respectfully submitted:
Pat Renaud, Secretary