

Budget And Finance Advisory Committee Meeting 7/25/2022 Meeting Minutes

Attendees: Dick Keiling (Chairman), Don Nederostek, Brian Reynolds (MS Teams), George Solyak, Yvette Tanious, Tom Piatti, Bernie McGorry, Frank Brown, Steve Phillips (MS Teams) and Mark Smith (MS Teams).

Meeting called to order: ~ 9:10 am

Public Comments: None

Minutes from 4/25/22: Approved

Review OPA Strategic Plan:

Bernie McGorry along with Frank Brown presented an update on the OPA strategic plan to understand how the budgeting process may be impacted. Bernie's PDF copy of presentation is attached.

On 7/3/22 the Board approved tentative Long-Term Goals for the OPA Strategic Plan. They are as follows:

1. Sustain strong financial position
2. Maintain and enhance infrastructure, community appearance, and current amenities
3. Maintain high levels of safety
4. Foster a sustainable and engaged community, driven by our core values

B&F explained to Bernie the bottoms up budget process beginning with the General Manager's initial draft budget. Over the year the GM receives input from the Board, OPA committees, B&F review of financials and capital proposals, OPA departments, and the community at large. The finance team will create an initial draft budget in part driven from this input and historical spending. B&F reviews the draft budget over 2.5 days in early January and provides their recommendations to the Board and GM. During this review each OPA department presents their line-item budget in detail. This is followed by Board review with budget updates as agreed upon.

During these reviews budget spending and priorities are discussed and agreed upon. These can and are adjusted right up until the budget is approved by the Board.

From a Strategic Plan perspective its important that we maintain a link connecting OPA's long term goals with our planning process and approved budget. This should be communicated to the OPA membership at large for understanding and transparency.

Financial Review June YTD and Prior Year-End

Audited year-end financial statements will be released this week.

A question was asked to substantiate the \$780K positive variance in Other Fees and Income Revenue as of 4/30/22. Steve provided some items and agreed to supply further analysis for a detailed answer. Likewise, the unfavorable Other Cost variance of \$182K was raised. This is a result of the 50% profit bonus shared with Matt Ortt along with some other credits in this account.

We had a positive operating fund variance for June YTD of \$414K. Revenues were over budget \$400K and expenses were under budget \$14K. Favorable amenity *net* revenues are as follows:

- Platform Tennis \$6K (increase in member dues)
- Pickleball \$20K (increase in member dues)
- Aquatics \$35K (member dues up \$52K, other fees down \$17K)
- Golf \$119K (member dues \$22K, general play \$90K, range \$7K)
- Clubhouse Grille \$19K
- Beach Club \$40K
- Beach Parking \$3K
- Yacht Club \$183K *net* revenue (Banquets positive \$126K *gross* revenue, Restaurant/Bar positive \$86K *gross* revenue, Merchandise \$5K)

For the Yacht Club we discussed the conservative call for banquets in the budget. Given we have a credible banquet booking forecast tool with deposits, it was recommended that we prepare a budget next year more in line with booking plans. Even though it all flows to the bottom line after Matt Ortt's 50% profit share, banquets can be better planned.

Finance is \$11K under budget. We hired HR Manager and Accounting Manager. Now that we are fully staffed this should level out.

Managers Office is \$16K under budget. The allocation of Executive Assistant may not be happening properly, and new GM contract will offset this going forward.

General Maintenance and Public Works is \$63K under budget. This is mostly a timing issue with work in these areas to pick up going forward.

Given this is the beginning of the year we took a closer look at memberships in general compared with the prior year.

- Beach parking membership is up 5% over last year. We should see more of an increase in July for later membership purchases.
- Aquatic memberships are up 26%. Good covid recovery.
- Golf memberships are up 10%
- To date combined Tennis and Platform memberships are flat.
- Pickleball membership is up 33%. We asked the question as Pickleball continues to grow in popularity, where is this trending? This should be reviewed as part of the long-term planning process to make sure our resources track with growth and capital planning is proactive.

We commented on the underbudgeted expenses in Racquet Sports. Steve will take a closer look at this to see if labor allocations need adjustment.

It has been an excellent two months for Golf. Gross revenue is \$102K over last year and \$133K over budget.

The Marina is on budget. It appears that the reduction in pumps is not causing a significant hit at this time. People may be waiting a little longer or better planning their fill ups.

The question was raised on matching banquet revenue and cost at the Clubhouse Grille and Beach Club. Banquet revenue is accounted for at the Yacht Club where the food is sourced. Do we have banquet related costs appearing at the Clubhouse Grille and the Beach Club? Steve was going to look at this and see if an allocation adjustment is required to better align costs and revenues.

Cash and Investments were reviewed. While CD and Money Market rates are increasing it will take a little time for this to be reflective in our CD's. More money at this time is in our insured Money Market and Sweep account.

Planning Dates for Future Meetings:

Once the Board sets their meeting schedule, we will revisit our meeting calendar.

Other Comments Questions:

We reviewed and updated outstanding actions spreadsheet. See attached.

Larry Perone indicated Collette and John were discussing and handling the FD MOU update. I will add this to our excel list of actions.

Meeting Adjourned: ~ 11:30 AM