

## BUDGET AND FINANCE ADVISORY COMMITTEE MEETING Minutes

September 26, 2023 - 9:00 – 11:00 AM

Attendees: Dick Keiling (Chairman), Don Nederostek, Brian Reynolds, Don Bonafede, John Wherrity, George Solyak, Monica Rakowski (Board liaison), John Viola, Steve Phillips.

Absent: Yvette Tanius – Committee Member

Other Attendees: Amy Peck, Tom Stauss – Public. John Lathem- OP Board Member

1. **Open Meeting:** D. Keiling, called to order 9:07 am
2. **Public Comments:** None
3. **Approval of B&F Committee Meeting Minutes of 8/22/23:** Approved
4. **Review of Matt Ort Financials with Ocean Pines Financials for the Matt Ort amenities**
  - A. **Club House Grill:** Revenues overbudget \$309K vs Budget of \$245K with Net Operating result of \$93K vs Budget of \$60K. Strong performance. MOC report shows margins down YTD, but revenue up. A review of “other costs” in the OP reporting show that the utilities and bonus accruals are not in the MOC reports.  
Wages YTD are less. Matt Ort contributed that to improved preparation for the year in areas to cut costs and better control all items of the operation.  
In addition, it was noted that regarding payroll, the OP reporting still has one pay period not included in the September report were as the MOC report included all the pay periods. This is due to the number pay periods timing and how they are set up different in each of the reporting methods (MOC reporting vs OP reporting).
  - B. **Beach Club:** The Beach Club Recovered well from the poor start in May due to the weather. Net Operating result of \$247K vs budget of \$172K for a positive variance of \$74K. There is still one reporting week in September which will follow next month.  
Margins improved which Matt attributed to extensive work with his vendors over the past winter. He was able to achieve significant cost reductions due to the amount of business that he has with all vendors at his various businesses. Each business is invoiced from the vendors based on their purchases. In addition, Matt was able to keep prices consistent with the past year for his customers.
  - C. **Yacht Club:** Due to the poor weather at the start of the season the Yacht Club had a slow start. In addition, there have been other weekend weather events that have impacted the Yacht Club performance. YTD shows Net Operating at \$235K vs a budget of \$269K, a negative variance of \$34K. MOC report shows food revenue is down \$140K vs the previous

year. Liquor is running even with last year. OP reporting against budget for food revenue is a negative variance to budget of \$45K. Matt noted that some years food is up and liquor is down and other years the opposite.

Merchandise was noted to be underperforming in comparison to the budget and last year in both reports, OP and MOC reports. Matt stated that there have been problems with the vendors supplying the merchandise. He has just received a new shipment and he is now well stocked.

DN asked about the bands and the cost. MO stated that the cost of the bands varies for each one. He brings in bands from out of the area to enhance the entertainment. Most of the local bands you can see 2 – 3 times a week at other venues so there is no special deal to see them at the Yacht Club.

DN asked about those that come to the Yacht Club and bring in coolers with drinks and food. What can be done to stop this. MO stated that they will ask those that have coolers to put them back in their car. However, it is difficult to control since the venue is very open and people can come in at various spots. Also, those that sit in their boats we have no control because that is not Yacht Club property. MO also noted that it is illegal to bring in alcohol to a place serving alcohol. JW suggested signage stating no outside food and drinks allowed. MO to review.

- D. Events Report:** GS asked if the Yacht Club Banquet Income statement provided could include that past year's performance for a comparison on one sheet. It is noted that is in the main Yacht Club report, but it would be nice to have it on this report. MO to review. On the Yacht Club Event Deposit report GS noted that for May, July and August 2024 there is only one event at the Yacht Club. Since weddings are usually booked a year in advance is this a concern? MO stated that there are more and next month will update the list. He stated he was not concerned.
- E. Review of remainder of Financials:** There is a positive operating fund variance for August of \$136,817. Revenues were over budget by \$176,096 and total expenses were over budget by (\$39,279). YTD positive operating fund variance of \$438,728.
- a. Net Operating Report:** CPI revenue under budget due to reduction in resales. For 2023 no fees for permits and sales were increased. LM advised they did add a new permit for tree cutting. Rate increases will be reviewed at the next budget. General and Administrative was \$41k positive for YTD. This was due to a variety of items including a reduction in the IT costs. Police are \$90k positive due to a savings on benefits and also being short manning. JV advised that we have one new officer coming out of the Academy soon to add to staff. In addition, there is a new Academy starting in January and the Police are looking to have 3 candidates in the Academy for this session which will the add to the force in June time frame.
- b. OPVFD Fire House:** At this point a discussion on the New Fire House took place. The Work Group on this project will present to the Board in October the status of the project

and proposals. This will include options for the building, and the MOU. JV stated that the existing bay walls will be evaluated as to their integrity and if found to be good this reduces the cost of the renovation/new building.

DN asked if the new fire station was being designed for the future and not just for the existing community. He stated that with all the development occurring in our area there will be more structures to cover for the dept even though some are not in OP. Op VFD does run backup for the area. JV stated that the plan is for the future and there will be additional bays in the new building.

- c. **Mail Boxes:** DK asked about the status of the Mail Box improvement project. LM advised that Phase 1 which encompassed the entire OP Mail box location was nearing completion. The most distressed mail boxes were addressed. 81 pedestals and 17 mail boxes were replaced to date. Phase 2 will start with an analysis of the next mail boxes for repair/cleaning. DK stated that some mail boxes just need a cleaning. This is an ongoing project. JV noted that we have one person assigned to this evaluation as well as the evaluation of the roads and the bulkheads. He is very competent.
- d. **Parks & Rec:** Overall Parks & Rec is performing well beating budget by \$7K YTD. Grants have a negative variance of \$14k. JV stated that expected grants did not come through and for the budget next year will not include this item. Special Events is a negative \$25K for YTD with the major negative contributor being the 5k race July 4<sup>th</sup>. Will have to see how this works out for the remainder of the year. Camp OP is performing well with a positive variance of \$52K.
- e. **Tennis:** There is a negative variance of 12K for Tennis. The major negative contributor being in the expense category of a 14K negative variance.
- f. **Platform Tennis:** Revenue is up by \$3K while expenses are negative by \$4K resulting in a negative variance of \$2K YTD. The majority is due to payroll expense.
- g. **Pickle Ball:** Strong performance for the month and YTD. YTD positive variance of \$21K.
- h. **Aquatics:** Revenue is positive to budget by \$66K. Expenses are negative to budget by \$52K. The negative expense variance was due primarily to payroll in that the amenity was able to hire more lifeguard staff than expected. This enable the pools to be open mostly full time for the summer. Even with the negative expense variance the amenity is positive YTD to the budget by \$14K.
- i. **Golf:** Golf performance is strong with revenue positive in all categories. Net revenue is positive by \$144K. Expenses are negative to budget by \$34K. However, net operating is positive by \$109K YTD which results in the strong performance. JV stated that the OP golf rates are the lowest in the area for both outside play and packages. This will be reviewed at budget time for what increases will be proposed.

- j. Beach Parking:** Positive net operating of \$42K. Wages and Benefits was positive to budget by \$15K. This primarily due to not having a full-time rest room attendant.
- k. Marina:** A couple of issues affected the Marina this summer. The primary one being the weather as there were numerous days of small craft advisories and gale warnings. Also, the Marina saw more competition this summer for business from other marinas. As a result, the Marina YTD net operating is \$34k negative to budget.
- l. Reserves:** Balance as of 8/31 is \$9.1ml. It is noted that there will be expenses for road resurfacing, bulkhead replacement and drainage work that will be occurring this fall. This will reduce the reserves by year end.
- m. Capital Summary was reviewed:** No major points of concern.
- n. Balance Sheet Review:** SP stated that collections are at 99% YTD. JV stated that the balance sheet is strong. Cash is up, Investment are good, inventories are in control. Investments in Treasury Bills has a return rate of 5.39%. CD's rate return is good. JV further stated that there are several projects that are in the works for next year; Fire House, golf irrigation, Veteran's Park Memorial Pavilion, Raquet sports building.
- o. GM Spending Limit:** JV stated that the Board approved an increase in the GM spending limit to \$25K.
- p. Other Business:** None
- q. Meeting Adjourned at 10:39am**