

## FISCAL AFFAIRS COMMITTEE MEETING

Thursday, June 5, 2008

9:00 a.m.

MSC Annex

*GVR's Mission Statement: "To provide recreational, social and leisure education opportunities that enhance the quality of our members' lives."*

### IN

**ATTENDANCE:** Leon Lies (Chair), Ann Gillingham, Roberta Konen, Jack Leary, Jim Ludwick, Andy Vishner

**ABSENT:** Mike Banks (Vice-Chair)

### OTHER

**DIRECTORS:** Eddie Peabody, Jr., Gunnar Bonthron, Chuck Catino, Marge Garneau, Joe Roth

**STAFF:** Anndrea Blackshear, Jim Cassidy, Ginny Bilbrey, Allison Brown, Ed Coad

**GUESTS:** 12

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- Chair L. Lies called the meeting to order at 8:59 a.m.
  - It was indicated that a correction is necessary to the meeting minutes of May 15, 2008 on page 3, item #3 – Holding No-Shows Accountable. The fee amount should be \$25 and not \$15 as previously written. A motion was made and approved to accept the minutes as corrected.
  - **Year-to-Date Revenue Analysis** - GVR's Finance Director, Jim Cassidy, reviewed the Year-to-date Revenue Analysis line by line. Cassidy reported that due to the increase in revenue from the Recreation Department's programs and instructional classes, we were \$37,000 ahead of budget. He stated that at this time, Initial Fees and New Member Capital Fees (NMCF) are slightly under-budget but this amount may rise depending on the housing market. Executive Director, Anndrea Blackshear, stated that staff watches the NMCF very closely since this revenue funds capital projects. When the housing market is down, that account will also be down. Cassidy stated that GVR is operating at a good level at this time. Committee member, Andy Vishner, asked why member dues would be lower since new members join GVR all the time. Cassidy advised Vishner that the dues are based on the number of members it has at December 31, 2007 and after that, estimated additional dues are pro-rated throughout the year which will fluctuate the amount for each month. Blackshear stated that dues are lower based on two criteria: 1) dues that are collectible, including members on payment plans; and, 2) new home construction affects the amount of dues received.
  - **2008 Budget** – Chair Lies asked Cassidy if there were any concerns on the Expenditure side of the 2008 budget. Cassidy reported that gas and electric are up

slightly 5% and 10-12% respectively but it's not too bad. The wages and benefits are below budget due to continual turnover in the custodial area. Overall, Cassidy believes that GVR is on target with the 2008 budget. Discussion was held regarding the completion of both the Las Campanas and Canoa Ranch projects by the end of the year and the additional staff that will be required. Blackshear advised that funds have been placed in the Operations Budget for the fourth quarter to handle the cost for operating Canoa Ranch. Lies confirmed that \$200,000 had been set aside in a special Operating Reserve account to cover Canoa Ranch operating expenses.

- **2009 Budget** – Executive Director Blackshear advised that GVR has been discussing the staffing issues at Canoa Ranch. She reported that current staff has offered to work at the new facility when it opens. Since there are no meeting rooms which would require set-ups, the employees will be required to multi-task their duties as assigned. This may require washing windows, dusting, vacuuming, etc. She also reported that Canoa Ranch will be entirely secured with card access and if members do not have their cards, they will not have access to the center.

Blackshear stated that staff has completed their Capital Projects and will be presented to the P & E Committee next week. They are also currently working on their wages and benefits. She reported that this year, Fiscal Affairs Committee will advise the P & E Committee how much money is available to fund any projects. However, \$400,000 of the 2009 budget will need to be budgeted for the Woodshop project. She anticipates having a 'draft' budget for Fiscal Affairs in 2 – 3 weeks for their review prior to the next meeting scheduled on July 11<sup>th</sup>. Once that is provided, the committee may need to meet a couple of additional times during the budget process in order to stay on track of the timeline to complete the budget. Discussion was held regarding the costs involved in the turnover of employees and Blackshear reported that it is very costly to GVR when turnover occurs. However, staff is discussing the possibility of making some part-time positions into fulltime positions which will help to curb the expense. Committee member, Jim Ludwick, would like to review the wages and benefits costs allocated out by department prior to the next meeting.

- **Disbursement of the Remaining Funds from 2007** – Blackshear distributed copies of a memorandum which outlined staff's recommendations for the excess funds from 2007. She reported that there is \$105,986 available and the money can be used to fund projects, employee benefits, operations, or designated for distribution to one or more of the three Reserve Funds which includes Operations, Replacement or Addition Reserves. Staff recommends the funds be used for the following projects:
  1. **\$50,000** – This was previously approved by the Board of Directors to fund the upgrade of the electrical transformer for the expansion at West Center.
  2. **\$38,000** - Fund a market adjustment for staff effective July 1, 2008. The Employee Council which was established by the Board recommends this money fund the market adjustment as well as using the \$15,000 currently budgeted in the 2008 budget for merit increases.
  3. **\$17,986** – Fund any project determined by the Fiscal Affairs Committee.

A motion is necessary today in order to have the Board of Directors discuss and vote on it at their next Board meeting.

Lies stated that he would like to discuss the first two items but he prefers to address the \$17,986 separately.

**At this time, Leon Lies made a motion to accept staff's recommendation for the \$50,000 for the electrical upgrade of the transformer and the \$38,000 to fund a market adjustment for staff.** Motion was seconded by Ann Gillingham.

Discussion followed on staff's recommendation for the \$38,000 market adjustment. Blackshear advised that the matrix is based on a percentage basis, half-step process. This will provide equalization to all employees within their pay ranges. Committee member, Jim Ludwick, stated that he agrees with this recommendation but he would appreciate having more time to review the issue prior to voting on it. Blackshear stated that in order for that to happen, more meetings of the committee will have to be scheduled in order to have the information available for the Board meeting. Lies suggested e-mailing the information to the committee members so staff will attempt to do that in the future. Since the current \$15,000 in the 2008 budget is too small for merit increases, it will be used in conjunction with the market adjustment dollars and for performance reviews.

**Vote on the motion was approved unanimously 6 – 0.**

- Lies asked Ed Coad, GVR's Building Services Manager, to give an update on the bids he received on the Pickleball Courts. Coad reported that he received several bids but the best one he received was from Rhino Sports Court at \$50,000. The \$50,000 would include the fencing, tie-down, and taxes, and Rhino would handle the entire project. However, Coad stated that he would prefer to negotiate with the companies for possibly better quotes.

Discussion was held on the number of courts originally requested, the current cracking problems with tennis courts 5 and 6 at West Center, and the amount of funds that the Pickleball Club is willing to contribute towards the project. Coad advised that the tennis courts at West Center are being repaired with funds from the Operations budget but there is no guarantee how long the 'patchwork' will last. Blackshear reported that a core sample needs to be completed first to determine if the current tennis courts need to be completely renovated.

Lies stated that the committee has several options where to place the remaining \$17,986. It can be placed in the Replacement Reserves which would allow the full Board of Directors to determine where the money can go; it can be placed in the Additions Reserve and could be used to offset costs for the Woodshop; or, it can be used to fund the Pickleball Court project. Lies stated that he received an e-mail from Eric Jolley, Pickleball President, indicating that the club had received \$6,600 in donations from club members to help fund the project.

**At this time, Roberta Konen made a motion to place the \$17,986 in the Replacement Reserves.** Ann Gillingham seconded the motion.

Additional discussion followed regarding where the Pickleball Court project was on the Planning & Evaluation's project list. Blackshear reported that P & E's priority list identified the Woodshop project as #1, energy savings as #2 and Pickleball as #3.

She also stated that several concerns have occurred since their initial request which includes the growth of the club, conflicts with the Double-Faulters tennis players' use of the tennis courts, and using the old concrete slab as a court. It was reported that as of today, the club has collected \$7,300 in donations.

Lies stated that this is a replacement issue and recommends that the money be placed in the Replacement Reserve account. He would then ask for a second motion which would require staff to get a firm quote on the project. The funds could then be taken from the Replacement Reserve to pay for the project. Blackshear stated that there is \$7,400 in the 2008 budget and with the \$7,300 contribution from the club that equals to \$14,700.

**Vote on the motion to place the \$17,986 in the Replacement Reserve account was approved unanimously 6 – 0.**

Lies then stated that the bid can be taken to the Board of Directors for their review and consideration. It was indicated that Coad's quote from Rhino did not include the \$1,100 increase in the materials if the job was not accepted by July 8<sup>th</sup>. Coad stated that all three quotes received contain different materials and the only commitment would be to Rhino if their quote was accepted.

Lies recommended that the Board take the funds from the Replacement Reserve but not exceed \$45,000. Director Marge Garneau stated that P & E asked Coad to see if any funds were available in the 2008 budget. No motion was made at P & E for this request but she needs to have funding for this project before P & E can proceed. She advised that the process was being handled differently than in previous years in that Fiscal Affairs Committee would be advising P & E the amount of funds available for projects. Cassidy reported that the Reserve Funds are healthy and are at the level required by the Reserve Study.

**Lies made a motion that the costs of the Pickleball Court project not exceed more than \$45,000.** Andy Vishner seconded the motion. **Vote on the motion passed 3 – 2.** Roberta Konen and Jack Leary opposed the motion.

- The next meeting will be held on **Friday, July 11, 2008 at 9:00 a.m. in the MSC Annex.**
- The meeting adjourned at 10:55 a.m.

Approved by:

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Leon Lies, Chair

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Date