

Del Mesa Carmel Community Association
Finance Committee (FinCom) Meeting
Minutes of Regular Meeting
October 26, 2021

1. **CALL TO ORDER:** Committee Chair, Nancy Jones, called the meeting to order at 9:30 a.m. The meeting was held in person in the Coastal Room

2. **Announcements.** Nancy Jones announced that member comments made during the Open Discussion portion of the meeting should be on topics related to the FinCom charter. She also asked that comments on topics presented during the meeting be brought up during the meeting, not to wait until the open comments period.

3. **Agenda Review/Approval** The agenda was reviewed and approved. Added to New Business - handling of tips in the restaurant.

4. ROLL CALL:

Committee Members Present

Nancy Jones, Maryellen Eisenberg, Susan Franks, Natalie Kaufman, David Lamm, Marty Rubin, and Mark Vanlerberghe.

Others Participating:

Richard Cox, General Manager, Anthony Lombardi, Finance Director, as well as Board members Mick Connolly, Board President, Ted Whitney, and Ann Parker. Other participants were Marcia Vanlerberghe and Cecil Jones.

5. **Approval of the September 22, 2021, FinCom Meeting Minutes.** Approved with the removal of the word Draft.

6. GENERAL MANAGER AND FINANCE DIRECTOR REPORTS.

The General Manager had no comments.

Finance Director Reports.

September Financials: Anthony Lombardi says we continue to operate well, on budget.

Administration. Transfer fees continue to exceed budget. Payroll, we are right on budget.

Food and Beverage. Revenues for the month are up, for September they are steady. Food is up for the month. YTD we are at 40%, as budgeted. Payroll in September, we were heavily staffed in September.

Community Services. They had a couple of larger projects and Jonathan was going to wait until the projects were complete before billing them. Anthony Lombardi would like the billing to take place each month. Other than the person out on disability, we are fully staffed. Pest Control is up because we had to tent a house.

Guest Rooms. Anthony Lombardi says use of guest rooms continues to be strong. Operating Expenses vary, depending on the occupancy rate.

Utilities. Anthony Lombardi says he budgeted quite high for costs at the end of the year, so we should be well budgeted for November and December for Gas and Electric. The Water expense is looking good. We fixed a large leak that immediately had an impact on the expense. We've done well on water all year long.

Operating Fund. We are good in this fund.

Contingency Fund. No activity.

Capital Acquisitions Fund. Anthony has two bids on a new club car at around \$11,000. We spent \$15,000 on the water tender; we had budgeted \$48,000. Richard Cox says we have the license for the tender. Now we must clear out the area around the well so that the tender can get to it.

Insurance Premium Fund. This was the first month to see the increase in the contribution to this fund to \$55,000 for the next months.

Reserve Fund. We will not use up more than \$100,000 to \$200,000 by the end of the year, so half of what had been budgeted for 2021. Furnace repair was significant early in the year, but hasn't continued. A new paving plan has been developed, since the company we had been working with went out of business. We have a new bid for this effort, for 2022. We need a price for stripping that could be done this year.

Fitness Room. We expect to get about \$3,000 for the old equipment which is good because we are about \$2,000 over the original budget.

Healthy Forest. We received about \$75,000 in Healthy Forest reimbursement from the Feds.

5. TREASURER'S REPORT

September Reviews/Reconciliations per Civil Code 5500/5501. The September reviews and reconciliations have not been done yet, but will be in the next few days. We have some delinquencies. One was a death and the estate is now in probate. Another is a renter who habitually has a delinquency. Anthony Lombardi will write this person a letter.

6. OLD BUSINESS

Balcony Inspection and Foundation and Pier Inspection Costs. Anthony has three bids on his desk for balcony inspections (required by law to be completed by 2025). Dirk Young is waiting for a quote for the balcony and pier inspection costs.

Property Insurance costs. Nancy Jones has continued to have meetings with residents to discuss the insurance issues. She is informing and updating the information. We are continuing to look for master plans.

2022 DMC Budget. Here are some of the assumptions the draft 2022 Budget is built on. We will not change amenities or services. General inflation is at 6%. Salary increases base will be at 6%; we are having difficulty retaining the staff we have and must consider pay raises, so the

base of 6% may be higher for some. PG&E goes up 15%. Water increases at 10%. We are leaving the Reserve contribution the same. No new member suggested projects. No lawn bowling improvement. Increase the rate for the guest rooms to \$150.00, but eliminate breakfasts. 1000 guest room nights will be booked. The projected HOA increase for 2022 is 9.4% in this draft budget.

Nancy Jones announced that there will be an open FinCom meeting to present the current draft 2022 budget on Tuesday, November 2, 2021, from 1-3pm in the Redwood Room.

During our discussion of the 2022 budget, the subject of dining room tips came up. The idea would be to add 18% to all tabs in the dining room and, then, not allow tipping (consistent with our employee handbook). This would make salary for servers more attractive, would treat all residents the same and would simplify some accounting. The Finance Committee resolved to recommend this to the Board of Directors at their meeting this week. This practice would also apply to Flying Owl and Take Out. Anthony Lombardi explained that this is not a novel idea, this is common practice in most clubs and private venues places, not to tip. We are unusual in that we allow tipping.

NEW BUSINESS

FinCom report for 28 Oct Board meeting. Nancy will provide the usual Treasurer's report (reconciliations performed, delinquencies), a Summary financial status and a Report on 2022 budget plans.

Treasurer's Del Mesa NEWS Article. A draft has already been written and submitted by Nancy Jones. A revision will be submitted when September financials are ready.

Open Discussion

Cecil Jones states that a site survey will come into play when we start taking water from the well. EPC is starting to look at routes of egress in emergency situations that might require construction. We may not need a full survey; using a metal detector can look for the boundary markers.

Maryellen asked if September Ranch has a site survey. This was answered by saying that it was not the same border.

Respectfully submitted by

Susan Franks

NEXT FINCOM meeting will be Tuesday, November 16 at 9:30 a.m. Location TBD