

**2022-2023 MCC Governing Board
Finance Committee
August 31, 2022 – 6:30 p.m.**

MINUTES

Committee Members Present: *in-person:* Shivani Saboo; Sarah Tran; Charlotte Loving; Melanie Sletten

Committee Members Absent: Rasheq Rahman

Other Board Members Present: Barbara Zamora-Appel; Lisa Mariam; Bill Glikbarg; Anna Bartosiewicz

MCC Staff Present: Evan Braff, Active Executive Director; Ashok Karra, Comptroller; Holly Novak; Jennifer Garrett, Technical Director

Guests: Paul Kohlenberger

CONVENE MEETING

MCC Governing Board Treasurer Shivani Saboo convened a meeting of the Finance Committee of the Governing Board of the McLean Community Center on August 31, 2022, at 6:30 p.m. She announced that the meeting was being audio-recorded. No changes were suggested to the Agenda; it was adopted by acclamation. Treasurer Saboo introduced Evan Braff, Acting Executive Director of MCC, and welcomed him being in this meeting. MCC Governing Board appreciates Mr. Braff's leadership efforts in a positive new direction.

REVIEW ADJUSTMENTS TO PROPOSED FY24 BUDGET *FY24: July 1, 2023 through June 30, 2024

Treasurer Saboo explained the goal of this meeting is the opportunity to ask questions and seek clarification on details. We will be respectful of everyone's time. Comptroller Karra presented recent updates to proposed FY24 budget (information is still preliminary -not yet ready for public distribution).

Detailed Q&A is shown below, along with conceptual explanations highlighted in bold:

Executive Summary: Our tax rate is 2.3c per \$100 of assessed value of your house (\$1M assessed value = \$230 paid to support MCC). FY21, FY22 were challenging years for MCC; FY23 should be a very good year. FY24 will be a full year of operations (similar to FY18 + FY19). **MCC receives most of our revenue from real estate taxes.**

Many programs are subsidized: – for example, \$120K was spent on McLean Day but revenue received was only \$40K; classes provide good revenue but most are subsidized for the community. We depend on taxes for everything: your tax contribution allows us to give back to you. Every year we see \$300K-\$500K growth. If that changes downward, we must tighten our belt. If assessed values go down, taxes go down and then MCC suffers.

Revenue: **We anticipate full programming for FY24.** It was tough for OFC coming back from COVID-19: membership dropped drastically as the kids didn't come back. We anticipate returning to better capacity at after-school program, teen events. Much growth is expected for MCC in FY24!

Expenses: If we collect \$7M, we want to put \$7M back to the community: Camp McLean, youth programs, events, classes. **Fairfax County always wants MCC to have a zero-budget: X dollars of revenue received > X dollars in expenses. Throughout the year, we control our expenses; if we save anything at the end of the year, it goes to our reserve. MCC's philosophy: we are funded by our own tax district; we don't rely on Fairfax County giving us money.** If we have a problem, we can't ask the county; therefore, we must have a reserve for the future - keeping some aside for contingency (stormwater drain; roof repair; sewer repair). Last year = \$120K in unanticipated capital facilities expenses. When those things come up, this is what we prepare for in a reserve.

Clarification by Acting Executive Director Braff: Other costs savings: 1. MCC staff may project a negotiated contract price higher, but once getting into a program or event, the staff then looks for cost savings (to move into reserves). 2. other area for cost savings is staff vacancies: by the time you advertise and fill a position, that can take two months and you will reap some savings there. **This is an advantage for MCC - other parts of the county are not allowed to roll reserves over.** It's good idea to have enough in the "rainy day" fund if something were to happen (i.e. real estate taxes shifting downward), then we will have a cushion. **It is good practice to always make sure you have some funds that can carry over – ideally a 'safe zone' of \$5M - \$6M target in case something happens.**

Question: Do we have any variable: if not enough people signed up for a class, therefore is the salary to the instructor reduced?
Yes – if the class doesn't go forward, they are not paid for it. However, if you cancel a trip or outing at OFC, you still have the staff at OFC: the event expense might go down, but the staff expense is still there. MCC doesn't lay people off– they just move to doing other tasks. Staffing costs remain stable: folks jump in and help each other with special events and theater performances. In youth programs, the ratio of adults/children is higher to ensure having correct supervision for chaperoning (proper staff ratio is a safety issue). Across departments, MCC staff bridge to accommodate needs: our managers volunteer to go on OFC trips and then they catch up on their other work later. Special Events has only 3 staff; at McLean Day, everyone helps out across departments.

Question: Looking at previous years, it looks like you've increased OFC by \$100K. The most that has been budgeted in the past is \$215K – it hasn't been that high at any time. Now you are increasing OFC to 4.1% of MCC's total projected revenue?
Yes – the number of kids will be increased to 40 (summer) – increase right now. After-school programs and break trips have increased the capacity, including 4th and 5th graders. **Part of it is the plan to open up to a younger age group and trying to accommodate the waiting list – increase to higher capacity. The staff ratio will be the same. If we need to staff an OFC event, other staff will commit to being at OFC to assist. This is an effort to get out of our silos and work across divisions to support each other.**

Comptroller noted that "Expenditures" includes compensation + benefits + program + support expenses.

Clarification by Acting Executive Director Braff: In this fiscal year, county leadership made a decision to give employees additional compensation (examining how Fairfax County compared to other jurisdictions). Collective bargaining is coming up but will not be addressed until FY25; then Benefits & Compensation numbers will go up significantly.

Question: What does "support expenditures" really mean: Is it staff? Equipment?

It is all expenses: individual departments detail a breakdown of major expenses for their respective programs.

Admin expenses are county chargebacks to MCC (such as PC's and technology given to us).

Question: Does MCC have a cycle that we replace technical equipment every so many years? Yes: every year, 6-8 laptops are replaced. This expense includes support of IT; it is defined as a lump sum to MCC (broken down by formula and size of your department). Our charges are very similar to an agency or dept. of this size.

Question: Has the postage and printing decreased since previous years?

A previous Governing Board has asked us to reduce – we are not printing as much. We will send a postcard for the winter program guide, which directs people to MCC website. If people want a program guide, they can pick up or we will mail it to them. **The printing category is significantly decreasing because it is in the DRAFT strategic plan to become more 'green' at MCC.**

Question: Regarding news about inflation: if the rate is 5% are you seeing adjustments of all expenses going up by 5%?

Clarification by Acting Executive Director Braff: Printing and paper costs have risen drastically. We see some remnants of COVID-19 delays and are still experiencing some higher costs that used to be less. We hope a year from now the supply chain issues will improve. OFC has drastically increased costs for buses (gasoline is higher); transportation

costs have gone up. We have prepared for this very aggressively and then we brought it down because MCC was getting into a big deficit. **We take FY22 numbers and then estimate – budget increased by 200%. But that was too high; hopefully the numbers we have now will cover when we get the actuals. If MCC has a shortfall because of high cost of everything but we don't increase fees, then it becomes an issue. Then we will come back to the board to ask what to do about this?**

Acting Executive Director Braff complimented Comptroller Karra for his institutional knowledge of how to adjust the budget and land that in the place where it needs to be!

Clarification by Comptroller Karra: Management team has the experience to describe exactly how they will do each program: such as, how much spent on meals for artists? It is to that level of detail. Each department goes through line-by-line on how much each event will cost, including the history of offering that event. Any adjustments they make (new things; removals) are accurate. We do a Q3 adjustment every year.

Question: For facility rentals, what were the actuals for this FY22? With a very slow FY22 beginning (first six months), I believe this is quite aggressive. We have had up to \$80K in rentals during a past year. We are getting back to many rentals now; and if not to that previous level, we can make those adjustments in Q3.

Questions/issues about facilities usage:

1. Lack of space for rentals requested by the public

Opinion expressed by Chair Zamora-Appel: There is concern from neighbors that they cannot rent MCC space when they want to. Is there a plan to fix that?

Acting Executive Director Braff wants to learn more about this topic. Joe McGovern has a lot of history and there are certain policies that we must follow within the MOU about usage of the MCC facility. This will be an offline discussion with Joe McGovern and Chair Zamora-Appel to learn more about public demand, capacity and facility usage. Classes are first priority for MCC; then usage by other agencies; seniors classes; outside groups > those are the variables that we must balance.

2. We need an online booking system

Opinion expressed: A proposed online booking system would help.

Acting Executive Director Braff and Joe McGovern will discuss that.

3. Permission for 'passive' occupancy of all rooms at MCC by the public throughout the day:

Question: I'm curious to know more about whether we can give up some of that space for people to use without booking. I have come to MCC where rooms are empty in the middle of the day and no one is allowed to go in there as a casual working space. I think it is important to have utilization of this space.

Comment by Acting Executive Director Braff: That should be part of this conversation. 1. Updating the usage policy: the last time we updated rental and facility use policy was 2018. We need to examine it again.

2. Recommend changing name of Capital Facilities committee – to "Facilities" Committee, as a committee that regularly talks about facility utilization. We don't have such a committee: combination of staff and board members (CFC would become broader to be called "Facilities") – so that we are regularly talking about facility use. I agree that we must have a discussion about passive usage by the public; we need to add that into the policy.

Question: Do we have ability to show 5 years of history (such as on postage)? Can you see that curve?

Yes – Ashok Karra has the numbers to identify a trend. That is how we build these charts. For administration last year, we spent \$10K on the Governing board election: spent \$7K on postcards to have extra announcements. Then all ballots sent out by mail cost \$3K. **At a future meeting of this committee, we can show such detail of history.*

***How feedback from the community is accommodated and reflected. That is what is expected.**

Classes: revenues, instructors and topics. *Clarification by Acting Executive Director Braff: Chair Zamora-Appel has*

asked us to show the actual number of programming offerings and attendees. But some programs, we may want a smaller attendance intentionally. Eventually we can explain the stories behind the numbers.

Opinion expressed: For classes that were conducted in previous years, comparisons are based on what we have done in the past and what we anticipate for growth. “Comparison Report” is presented during Programs Committee meeting (3 years: actuals; proposed + proposed).

Question: Some board members may ask where do you have reflected the programs requested by the community?

Comment by Acting Executive Director Braff: We will talk about these subjects at Programs Committee. These classes are based on what we had in the past, what was requested, and cancellations. Regarding offerings/cancellations: in FY21, we refunded \$390K in classes because of COVID-19. The departments work with what is successful and they also look at other agencies and what they have done.

Question: Is there any benefit in one of our publications of saying: we have offered this set of classes and had this attendance and solicit from the public that they like it and get a sense of demand?

Clarification by Acting Executive Director Braff: There is an opportunity to revisit how we receive input from the community. The staff has done a great job but it is an area of growth to enhance this aspect. While after some events we do surveys –we don’t do an annual customer satisfaction survey. I recommend having an annual survey which will give you good feedback.

“Emerging event” is in February 2023 (monies set aside)

Youth events: one person on MCC staff; all others are temporary staff and volunteers. Supplies and transportation costs are high. OFC: highest expense is transportation. They go to MANY locations! In FY24 they want to do an overnight trip. It will impact the budget.

Question: Is there any way of working with county and schools to use school buses?

No. There is a transportation company that is contracted with the county (they give us the best deal). This contract company is necessary because of liability issues. OFC has a contracted van (which expensive) that is available.

Discussion of CIP list:

6E wiring is for system integration (projection) – design + installation

Question: As a result of LED lights, the energy consumption of the theater should go down. We should feature that to taxpayers: advertise how MCC is doing things to go more green (lower electric bill). It’s good that MCC is following the county’s theme.

We can’t break down those particular costs for the theater because we don’t have a separate meter.

EV charging stations: If the county doesn’t support EV charging stations, we have a placeholder for it.

Unanticipated in FY22 - \$120K there (this is where the reserves come into play).

Clarification by Acting Executive Director Braff: We will have someone from the county come to present about solar and the charging stations. We must wait for the county to give guidance.

Portable technology for hybrid meetings: *Clarification by Acting Executive Director Braff:* Last week when we talked about the portable technology unit, we can absorb that in 3Q FY22. When we get to Q3 and have savings, that’s what we are going spend on. Q3 FY22 – we will have finished 6 months of actuals and will know this parameter.

ADA compliance at OFC:

Question: We have not come up with a number about ADA compliance for OFC. When will it come up? It has been a while.

We are working on it. ADA is required and MCC’s reserve will come into play. We already have the drawings but they are five years old. *Clarification by Acting Executive Director Braff:* I have placed a call in to the county who work with us in planning & design (asking for a ballpark figure to do the planning piece for next year – 6-8 months).

Background: Paul Kohlenberger knows about it: at the time of the lease renewal, the decision was to shelve the OFC bathroom upgrade project because it was grandfathered-in. SPARC attendance has been low – which may be connected to the fact that there is no ADA compliance in OFC building.

FUND STATEMENT:

This is what everything boils down to in the end. Comptroller Karra comfort zone is between \$5M and \$6M which is one year of expenses of payroll and expenses. If we had no money coming in from real estate taxes, MCC could survive for one year. \$1M is a contingency from operations.

We will find out McLean's total assessed value in February 2023.

2022 Tax Base = \$24,822,250,710 !! TOTAL assessed value in Small District 1A-Dranesville

Discussion about 50th Anniversary advance planning – placeholders in FY2024 Budget:

We are working on it! A number must be determined and we must build toward it. Regarding FY23 and FY24: we must find out from county DMB as to how to build it. If we set aside \$120K in FY23 MCC will have a shortfall and it would come out of the reserve. **It's great to have a target amount of money spent but we must think about responsibility to the community: Will they accept budgeting \$1M or \$500K for a 50th anniversary? Comptroller Karra is having a conversation with DMB to allow us to have a special line item. We must have a conversation with the 50th Anniversary committee about what are the realistic expectations about how much we should budget for.**

Any other topics for consideration in this budget? Is there anything this committee thinks is important to provide?

Comptroller Karra can provide additional information – details by year; by cost center; by departments. The county has a system called FOCUS (incredibly detailed). Detail is not a problem: Comptroller Karra can provide substantive data.

***anticipating changes to MCC budget coinciding with the amphitheater being built**

Question: When is McLean Central Park building of the amphitheater going to happen? The question relates to the "Winter Lights" – everything will be much easier or even bigger to do the Winter Lights. To what extent should we adjust that to our budget for that year?

***understanding what additional resources must be budgeted to hire as supplement to MCC programs**

Question: Is "commercial media" marketing? Also, there was a contest this year about winning a rain garden at Earth Day. Whatever happened to that and where it is showing in this budget? We never heard the result.

Yes – advertising (giveaways; swag). We want to know how much each department is spending on these things. Commercial media is newspaper and radio advertising. We will check on the results of the rain garden contest.

Question: What is "services of other agencies?"

These are additional resources that MCC must budget to 'hire out': at McLean Day, we rent the park; police; buses/vans. And then, because of rain, we destroyed that park – we paid \$4K in remediation.

Following thorough discussion, the committee was ready to proceed to a vote on the MOTION:

MOTION: To forward the proposed FY2024 Budget for consideration by the McLean Community Center Governing Board.

Approved by a vote of 4:

Shivani Saboo; Sarah Tran; Charlotte Loving; Melanie Sletten – all voting "AYE."
Rasheq Rahman was absent.

FUTURE OPPORTUNITIES FOR PUBLIC COMMENT

Treasurer Saboo explained efforts to support the public's important role in contributing feedback about the annual budget of the McLean Community Center:

1. Written comments by Small District 1A-Dranesville residents may be submitted from now through October 24.
2. Public comments by Small District 1A-Dranesville residents may be given in-person at two upcoming meetings held at MCC:

1. Meeting-of-the-Whole Wednesday, September 7 6:30 p.m.
2. Public Hearing on FY2024 Budget Wednesday, September 28 6:30 p.m.

OLD / NEW BUSINESS

Treasurer Saboo opened the floor to any items of old or new business. Nothing was mentioned as a further topic for discussion this evening.

ADJOURNMENT

There being no further business, Treasurer Saboo adjourned the meeting at 7:45 p.m.

Respectfully Submitted, Holly Novak - Executive Assistant