

Metropolitan Swimming Finance Committee Meeting Minutes

August 25, 2022 / Zoom

CALL TO ORDER

Christopher Arena, Finance Committee Chair, called the August 25, 2022 Finance Committee meeting to order at 8:05 pm with the following members in attendance:

PRESENT

Frankie Anderson, Christopher Arena, Dom Boccio, Kristin Cornish, David Ferris, Mary Fleckenstein Kate Hallex, Charlie Hinckley, Frank Seldin, and Allen Wone

GUESTS

Jeff Chu, Eric Fisher, Sandy Graham

MINUTES

MOTION: To approve the August 14, 2022 Finance Committee meeting minutes (Attachment #1) Seconded.

APPROVED.

Budget Run Through

The Finance Vice-Chair started the meeting by pulling up the budget that he had drafted with the advice and recommendations of the Finance Committee from the committee's previous meeting. The purpose of this meeting was to run through this draft budget and to amend it where the committee saw fit so that the Committee could propose their final version of the budget to the BOD.

The fees and surcharge section of the budget was presented (5002.00) with no additional changes recommended. Registrations (5006.00) was presented next. Allen Wone mentioned that the number of flex to full athletes being budgeted for might be low, but it was decided that the line item would be left alone as it was most likely accurate.

Next, travel reimbursements (6110.00) were discussed. The Finance Chair presented his methodology for predicting what would be paid out for next fiscal year's total athlete travel assistance. It was raised by Frank Seldin that although it may be difficult to predict exactly how much will be paid out per meet, that the total number budgeted for seems correct based on prediction assumptions, assumptions that include a 50% increase in athlete travel assistance for each meet per Metro's recent policy change. Dave Ferris concurred that it is the total amount that matters, not the individual meet amounts. It was decided that the total budgeted amount for item 6110 was acceptable.

Travel Reimbursement Side Note

Dave Ferris noted that although this is not directly related to our current budget discussions, that USA Swimming has indicated that it wishes to make LC Junior Nationals and Senior Nationals a West Coast event for three out of



every four years. He indicates that although this is not our decision, it impacts Metro swimmers and teams greatly as it is a prohibitive travel cost for many.

He suggests that this is brought to the attention of the Metro BOD so that they are aware. He also suggested that the Metro delegates to the USA HOD meeting be briefed on this situation so that they can appropriately advocate for Metro athletes and families if this is to come to a vote at the USA Swimming HOD level.

Budget Run Through (Cont.)

The Zones budget was presented. Line item 6131.10 for the Age Group Zone meet was left virtually unchanged from years past, but the amount of fees collected and subsequently the costs for the meet were both decreased. This results in the same bottom-line number as in years' past, but with the 15-18 age group no longer attending the meet, this was updated to reflect that.

Frank Seldin brought up the possibility of receiving grants in the future for some items that the DDEI portion of the budget covers. Kate Hallex, who sits on the DDEI Committee, spoke to the difficulty of receiving grants. These opportunities are out there, but they oftentimes includes caveats and other barriers. Frank Seldin suggests that in the future that these grants are considered before setting the budget.

The coaches' budget (6300.00) was paired down since the last committee meeting as a result of it having not been used at all in recent years. Budgeted BOD travel expenses and other BOD expenses were reduced as the BOD does not expect to meet in person much this year.

Other areas of the budget were covered, with no changes being suggested.

An increase in pool costs for Sr. Mets was discussed. Allen Wone noted that the LC Senior Mets pool budget should be for more than short course.

MOTION: *Allen Wone motioned to increase the budgeted amount for LCM Sr. Mets Pool Rental (Budget Item 6690.22) for FY 2022-2023 from \$22,000 to \$25,000. Seconded. APPROVED*

Cost Savings

Frank Seldin brought to the Committee a proposal (Attachment 2) for how Metro should budget for cost savings in the FY 2022-2023. He presents that the administrative costs of Metro have gotten much higher while at the same time Metro's activity levels (number of clubs, swimmers, etc.) have gone down. Frank thought that its important to build these savings into to the budget as a way to hold the BOD accountable for saving on expenses that have gotten too high.

MOTION: *Frank Seldin motioned to add an administrative cost savings item to the budget for FY 2022-2023 in the amount of \$40,000. Seconded.*



Discussion ensued. The general sentiment of the committee and Finance Vice-Chair was that this is a good idea and that savings for the upcoming fiscal year are an important measure to undertake. Eric Fischer noted that he is not in favor of touching any administrative salaries and that Metro's administrative costs are in line with other relevant LSCs.

Dave Ferris noted that USA Swimming has indicated that LSCs will have less administrative responsibility in the near future, and that we should be making cuts on excess spending. He acknowledged that while Frank Seldin's motion is to ensure cost savings, it does not target specific personnel line items of the budget, and that it will ultimately be up to the BOD to decide, but that Metro needs to tighten its belt.

Allen agrees with Eric Fisher that staff line items should not be touched. He also questioned whether or not an organization is permitted as far as proper accounting practices go to include a broad costs savings item on its budget. It was decided by the Committee that it is most likely allowed, but that the Finance Vice Chair will confirm with Metro's accountant if the motion passes.

The Finance Vice-Chair summed up the discussion by acknowledging that the spirit of the cost savings item is to not to identify a specific line item to cut, but to aim at holding the BOD accountable for administrative cost savings more generally (including accounting and legal contracts, among others) in the face of unsustainable losses for Metro. The Finance Vice-Chair acknowledged that the intended cost savings might not be enough to balance Metro's budget, but that the BOD should give its best effort to cut costs before asking the clubs and athletes' families for more money.

Allen Wone brought to the attention of the committee that cost savings does not have to come solely from administrative costs, but other areas as well including the selection of cheaper vendors for Metro meets like Zones. He suggested that this Committee might make the cost savings proposal broader.

Dave Ferris indicated that he thought if the Committee was to amend the motion to include other areas of the budget, we should not include cost savings in areas of the budget that provide funds for swimmers, coaches, officials, and clubs. Multiple Committee members agreed, and believed a subsequent increase in the cost savings goal made sense to reflect the increased areas that are subject to review and savings.

Frank Seldin motioned to make an amendment to his proposal. His amended motion is for a general cost savings item be added to the budget for FY 2022-2023 in the amount of \$50,000 and that this cost savings budget item is to explicitly not include savings from any items of the budget that are intended to enhance the experience of or give back to Metropolitan Swimming's athletes, coaches, clubs, and officials (e.g. travel reimbursements, clinics, athlete experiences, club excellence, etc.). Seconded.

Further discussion ensued.

Eric Fisher believed that Metro Club Excellence (6510.00) and club development should not be prohibited from the intended cost savings proposal. He acknowledged that athletes and their reimbursements should always come first, but that no other areas should be off limits and the Club Excellence budget might need to be reviewed.

Dave Ferris disagreed and explained that Metro Swimming's Club Excellence Program is meant to emulate USA Swimming's club excellence program and should not be an item for intended cost savings under this proposal. The merits



of the Club Excellence program were discussed as well as some historical background on the program, but it was ultimately decided to move on as it was mostly unrelated discussion.

It was noted by the Finance Vice Chair that it's ultimately up to the BOD to decide how it will save on costs, but that the nature of this proposal is to outline the areas that the Finance Committee believes the BOD should and should not target.

AMENDED MOTION APPROVED

Budget Item 6800.00 was added to the budget accordingly.

ADJOURN

Christopher Arena adjourned the meeting at 9:05 pm.

Respectfully submitted,
Christopher Arena
Finance Committee Chair



Metropolitan Swimming Finance Meeting Minutes Attachments
August 25, 2022 / Zoom

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|--------------|--|
| Attachment 1 | Agenda: August 25, 2022 Meeting |
| Attachment 2 | Frank Seldin Cost Savings Outline and Accompanying Email |
| Attachment 3 | Final Finance Committee Budget Proposal to BOD |
| Attachment 4 | See Metro Website for Minutes of August 14, 2022 Meeting |

Attachment 1:



Agenda of August 25, 2022 Finance Committee Meeting:

1. Call to order/roll call
2. Approval of 8/14/22 Finance Committee Meeting Minutes
3. Discussion/amendments of Finance Vice-Chair final pre-meeting budget draft
4. Finance Committee approval of FY 2022-2023 budget
5. Other business



Attachment 2:

From: treasurer ndac.us <treasurer@ndac.us>

Sent: Tuesday, August 23, 2022 2:08 PM

To: Chris Arena <Christopher.Arena@metroswimming.org>; Frankie Andersen <Frankie.Andersen@metroswimming.org>; Dom Boccio <Dom.Boccio@metroswimming.org>; dferris@longislandswimming.com <dferris@longislandswimming.com>; Mary Fleckenstein <Metro.Office@metroswimming.org>; Kate Hallex <Kate.hallex@metroswimming.org>; kristincornishh@gmail.com <kristincornishh@gmail.com>; charlesbhinckley@gmail.com <charlesbhinckley@gmail.com>; Allen Wone <Allen.Wone@metroswimming.org>

Cc: Eric Fisher <Eric.fisher@metroswimming.org>

Subject: Re: Upcoming Finance Committee Meeting August 25th

Chris / Finance Committee

Thank you for pulling this together. I'm sure it took quite a bit of your time.

My big take-away from this is that there is great urgency to address the cost side of this, and we simply can't wait until next year.

I've looked at this in two different ways -- 1) activity based, and 2) high-level benchmarks.

An activity-based assessment of costs is attached. Administrative costs are up 30-40% v 2018-19 and 2019-20, while activity levels are down 20% v the same periods (and that does not include the activities being displaced from the LSC by SWIMS 3.0). That is simply not acceptable. It suggests that administrative costs need to come down by a minimum of \$40K per year, possibly more (and that is after accounting for inflation).

The high-level benchmark view says that administrative costs are 45% of net revenue. That means that just shy of half the money that Metro is collecting from the clubs and swimmers is going to administrative costs, and not back to the swimmers as travel stipends, scholarships, funding for special events / needs, etc. Instead of 45%, that number should be 20-30%, or approximately \$100K instead of \$184K... a reduction of about \$80K.

With the targeted range of administrative savings at \$40-80K per year, I would recommend we build into this budget (2022-23) a \$40K "Administrative Savings" line item (we can put it under 6607.40 Misc Expenses if you don't want to create a new budget line). It would be up to the Board to achieve those savings; and they could set up any committees they wanted to help them. The expectation would also be that there would be an additional \$20-40K of similar savings to capture in 2023-24 as the goal is to achieve something close to the full \$80K potential. Where that comes from will be a function of how SWIMS 3.0 rolls out and how all the activities being removed from LSC control impact administrative support needs.

This committee cannot make specific costs reduction proposals for 2022-23. We lack the necessary facts. The Board has said in the past that contracts are not available to anyone not on the Board, so while we could debate reducing the outside accounting fees (for example), without access to the exact contract it would be impossible for us to be any more specific than that (RFPs are interesting, but the contract itself is where the rubber meets the road). This committee's job is to recommend a budget; and it is the Board's job to accept and achieve that budget.

Even reducing admin costs by \$40K in this budget, that would leave a \$30K budget gap. That gap should be covered from the balance sheet (or from additional savings in other areas). It would be completely inappropriate to add revenue from the clubs or swimmers while there are still savings opportunities to be had.



The 2023-24 budget, which would have the first \$40K of savings locked in, plus some additional savings toward that \$80K goal, would be the first time to consider revenue increases if it can't be balanced (a distinct possibility since that would be an Olympic Trial year). This committee should, over the next 6-9 months, evaluate various proposals for increasing revenue to meet the Olympic year spikes so we are prepared with fact-based proposals for the 2023-24 budget should it be necessary.

Hope this is useful

Frank Seldin

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Metropolitan Swimming Inc.

Budget Overview: FY 2022-2023 - FY23 P&L

September 2022 - August 2023

	TOTAL
Income	
5000.00 General Income Accts	
5001.00 Investment Income	
5001.20 Dividend Income	5,000.00
Total 5001.00 Investment Income	5,000.00
5002.00 Fee & Surcharge	
5002.10 Sanctions Fee	25,000.00
5002.15 Post Meet Fee (20%)	225,000.00
5002.17 Senior Surcharge	9,000.00
5002.18 JO Surcharge	13,000.00
5002.19 Silver/Bronze Surcharge	6,000.00
5002.20 Credit Card Fees Received	1,000.00
Total 5002.00 Fee & Surcharge	279,000.00
5005.10 Fines	
5005.17 Admins Fines	4,500.00
Total 5005.10 Fines	4,500.00
5006.00 Registrations	
5006.10 Club-Received (Metro portion)	8,000.00
5006.20 Athlete-Received	99,000.00
5006.30 Non Athlete-Received	10,000.00
5006.40 Transfers-Received	3,000.00
5006.50 Flex Athletic-Received	3,000.00
5006.60 Flex to Full Membership	200.00
Total 5006.00 Registrations	123,200.00
Total 5000.00 General Income Accts	411,700.00
Total Income	\$411,700.00
GROSS PROFIT	\$411,700.00
Expenses	
6100.00 Athletics Service Program	
6110.00 Travel Reimbursement	
6110.11 SC Sectional	6,000.00
6110.12 LC Senior Zone/Sectional	16,000.00
6110.14 SC NCSA Junior	44,000.00
6110.15 LC NCSA Junior	6,000.00
6110.16 LC Futures	10,000.00
6110.18 USA JR National SC	3,000.00
6110.19 USA JR National LC	21,000.00
6110.22 USA National/Open SC	5,000.00
6110.23 USA National/Open/Phillip66 LC	10,000.00
6110.30 USA Open Water Champ	4,000.00
6110.40 World Trials	10,000.00
Total 6110.00 Travel Reimbursement	135,000.00

Metropolitan Swimming Inc.

Budget Overview: FY 2022-2023 - FY23 P&L

September 2022 - August 2023

	TOTAL
6120.00 Scholarships	
6120.10 Joseph Stetz Registration Income	-2,075.00
6120.15 Len Galuzzi Registration Income	-2,000.00
6120.20 Len Galuzzi Scholarship Award	2,000.00
7120.10 Joe Stetz Scholarship Awards	2,000.00
7120.20 Joe Stetz Scholarship Placques	75.00
Total 6120.00 Scholarships	0.00
6130.00 Programs	
6131.00 Age Group Zone Meet	
6131.10 LC Zone	
6131.11 LC Zone fees collected	-80,000.00
7131.10 LC Zone Entries Fees Paid	5,000.00
7131.11 LC Zone Uniforms	30,000.00
7131.12 LC Zone Petty Cash & supplies	2,000.00
7131.13 LC Zone Bus	25,000.00
7131.14 LC Zone Hotel & meals	70,000.00
Total 6131.10 LC Zone	52,000.00
Total 6131.00 Age Group Zone Meet	52,000.00
6133.00 Diversity and Disability Program	11,000.00
6133.10 Splash Fee Reimbursement	8,000.00
Total 6133.00 Diversity and Disability Program	19,000.00
6137.00 Distance Meets	6,000.00
Total 6130.00 Programs	77,000.00
Total 6100.00 Athletics Service Program	212,000.00
6200.00 Officials	
6200.10 Travel Reimbursement	13,200.00
6200.11 Clinic & Training Expenses	3,000.00
6200.12 BGC Reimbursement	3,000.00
6200.13 Incentives	800.00
Total 6200.00 Officials	20,000.00
6300.00 Coaches Programs	
6310.00 Coaches Clinic/Mentoring Program	5,000.00
Total 6300.00 Coaches Programs	5,000.00
6400.00 BOD	
6410.00 USAS Conferences/Convention Fee	1,500.00
6410.20 Travel Expenses	4,500.00
Total 6410.00 USAS Conferences/Convention Fee	6,000.00
6411.00 EZ Conferences & Conventions	
6411.20 Lodging/Transportation	2,500.00
Total 6411.00 EZ Conferences & Conventions	2,500.00
6420.00 BOD Travel Reimbursement	1,000.00
6450.00 BOD Misc Expenses	500.00

Metropolitan Swimming Inc.

Budget Overview: FY 2022-2023 - FY23 P&L

September 2022 - August 2023

	TOTAL
Total 6400.00 BOD	10,000.00
6500.00 Clubs Recognition	
6510.00 Club Excellence Program	35,000.00
Total 6500.00 Clubs Recognition	35,000.00
6600.00 Administration & Operations Support	
6601.00 Salary & Wages	95,000.00
6601.10 Payroll Tax	11,000.00
6601.20 Workers Comp Insurance	3,000.00
6601.30 ADP Payroll Service Fee	1,000.00
Total 6601.00 Salary & Wages	110,000.00
6607.00 All Office Essential Supplies	
6607.10 Annual Subscription Dues	2,000.00
6607.20 Printing/Ink/Paper	500.00
6607.30 Postage/Mailing	500.00
6607.40 Misc Expenses	500.00
Total 6607.00 All Office Essential Supplies	3,500.00
6608.00 Operation Expenses	
6608.01 Rent	15,800.00
6608.10 Internet Expense	1,500.00
6608.20 Telephone	1,500.00
6608.25 Utilities	1,500.00
6608.50 Professional Service Fee	35,000.00
6608.60 Subscription Fee	
6608.61 QB Monthly Fee(current)	600.00
Total 6608.60 Subscription Fee	600.00
Total 6608.00 Operation Expenses	55,900.00
6608.80 Legal & Professional Fees	16,200.00
6609.00 Office Equipment/Hardware	500.00
6610.00 Bank & Credit card expenses	
6610.10 Bank Service Charge/Fee	1,000.00
Total 6610.00 Bank & Credit card expenses	1,000.00
6611.00 HOD/BOD Meetings	500.00
6611.10 Refreshment - BOD/ LSC	500.00
Total 6611.00 HOD/BOD Meetings	1,000.00
6614.00 State Filing Fees	100.00
6630.00 Golden Goggles Dinners	
6630.10 Golden Goggles Dinner	10,000.00
Total 6630.00 Golden Goggles Dinners	10,000.00
6650.00 Metro Run Meets	
6650.10 Sr. Mets SC	
6650.12 SrM - SC Meet Entries	-20,000.00
6650.13 SrM - SC Admissions & Programs	-10,000.00

Metropolitan Swimming Inc.

Budget Overview: FY 2022-2023 - FY23 P&L

September 2022 - August 2023

	TOTAL
6690.11 SrM - SC Personnel/Admin/AO	5,000.00
6690.12 SrM - SC Pool rental	22,000.00
6690.13 SrM - SC Officials (Evaluator/MR/TLCJ)	1,250.00
6690.14 SrM - SC Refreshments	3,000.00
6690.15 SrM - SC Awards	875.00
6690.16 SrM - SC Misc Supplies Expenses	1,000.00
Total 6650.10 Sr. Mets SC	3,125.00
6650.20 Sr Mets - LC	
6650.22 SrM - LC Meet Entries	-20,000.00
6650.23 SrM - LC Admission & Programs	-10,000.00
6690.21 SrM - LC Personnel/Admin/Ao	4,000.00
6690.22 SrM - LC Pool Rental	25,000.00
6690.23 SrM - LC Officials(Evaluator/MR/TLCJ)	1,250.00
6690.24 SrM - LC Refreshments	3,000.00
6690.25 SrM - LC Awards	1,000.00
6690.26 SrM - LC Misc Supplies Expenses	1,000.00
Total 6650.20 Sr Mets - LC	5,250.00
6650.40 Open Water	4,000.00
Total 6650.00 Metro Run Meets	12,375.00
Total 6600.00 Administration & Operations Support	210,575.00
6800.00 Cost Savings	-50,000.00
Total Expenses	\$442,575.00
NET OPERATING INCOME	\$ -30,875.00
NET INCOME	\$ -30,875.00