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Union WELL Inc.

Budget and Finance Committee
December 6, 2019
7:30am, WELL Shoreline Room

Minutes

1. The meeting was call to order at 7:38 am by Kaur
 - a. Present: Jasmine Lopez, Shubh Kaur, Missy Anapolsky, Norman Kwong
 - b. Also present: Jill Farrell, Bill Olmsted, Amy Jacobsen, Tori Butler
2. Public Comment: None
3. Approval of Minutes of October 23, 2019 **(MSP: Lopez, Anapolsky)**
4. WELL Expansion – Additional Funding Request, Olmsted: Information
 - a. Olmsted states that the Board of Directors (BOD) held a special meeting due to a time sensitive issue, which is now being presented to this committee as an update. He explains that when the WELL expansion budget was originally established for both the fitness/recreation and SHCS (Student Health and Counseling Services) sides of the project, SHCS was to contribute their portion in cash. The project stayed within budget until unforeseen changes due to Fire Marshal requirements, cost of demolition, and the cost of certain supplies began to affect the price. SHCS was to contribute \$13.8 million but had agreed that their maximum could be \$14.2 million, if necessary. The SHCS part of the project increased to \$15.9 million, and the fitness part reduced from \$26 million to \$24.9 million. Olmsted notes that the savings was not related to the SHCS increase, but rather changes to the scope of work. SHCS could not move forward at the increased price and considered pulling out of project, which could mean the contractor could potentially back out of project, and the project would have to go back out to bid. Union WELL Inc. proposed applying the fitness savings to the SHCS “bucket” to make up the gap of \$1.7 million in order to keep the project on track, which was in the best interest of the project and the organization. The BOD approved and the GMP (gross maximum price) has now been set at \$40,880,280, with a \$14.2 million cash contribution from SHCS, and \$26.6 million coming from Union WELL Inc. Olmsted adds that there was a good discussion at the BOD meeting, and members were unanimously in favor.
 - b. Farrell clarified that if there were any savings on the project they would come back to Union WELL Inc. to replenish the additional expense. In addition, the team is not anticipating additional costs, but if there are, Union WELL Inc. will need to cover that as well.
 - i. Kwong comments that he supports the decision. He states that a \$655,000 contribution seems like a reasonable decision to keep the project on track. Farrell clarifies that the additional contribution is \$1.7 million, due to savings from the original fitness GMP. But cash-wise, it was an additional \$655,000.

- ii. Lopez asks why most of the unforeseen changes affect primarily the SHCS side of building. Olmsted explains that the SHCS expansion is more complicated than the fitness side, and the materials used there also skyrocketed in price. Olmsted states that there are significant soil differences under both sides of the building, which has led to needing additional foundation requirements, thus additional costs.
- 5. **Proposed Part Time Wage Scale, Olmsted/Farrell: (MSP: Lopez, Anapolsky)**
 - a. Farrell presents the 2020 wage scale and explains that the California minimum wage is set to increase \$1.00 per hour each year until 2023. Wages not highlighted green or yellow are subject to the \$1.00 increase. Rates in yellow will see no change as they are based off of market rates for personal training and fitness instructors. Titles in green are also subject to the \$1.00 increase, but are additionally changing either title or class.
 - i. Kaur asks what Union 1 and Union 2 mean. Farrell explains that it categorizes job types into classes, and is a grouping of like positions for accounting and equity purposes.
- 6. **TBU01 & TBU04 updates, Olmsted/Farrell: Information**
 - a. Olmsted states that an issue came up in the Union since the last meeting. He explains that part of the building is four feet below street level, and water from irrigation was running down through the soil into the building, into an electrical room. Campus responded quickly and met with the job order contractor to start the process of excavating dirt away from building, fixing the wall and installing a drain system. The cost was \$20,390, which added to the TBU01 budget. It was an emergency repair that was also presented to the BOD as an update in November.
- 7. **2019-20 Cap and Plant Updates, Olmsted/Farrell: Information**
 - a. Olmsted explains that the Cap & Plant account typically fluctuates throughout year based on shifting needs and priorities. Adjustments will always be listed, whether there is a savings or an increase. In November, the BOD approved \$72,500 for a partial office furniture replacement for Union WELL Inc. staff. He adds that offices impacted by expansion in both projects receive new and modern furniture. In addition, a recent independent ergonomic assessment conducted for staff, further emphasized the need to address offices with older furniture. Changes could range from adding a standing desk to simply modifying cabinets. Olmsted also discusses additional budget adjustments including an increase in price on the plumbing repair in the Union and a VFD replacement in a WELL cooling tower, which was an emergency repair.
 - i. Kwong states that the Chancellor's Office issued an updated reserves policy last week, encouraging campuses to save three to five months' worth of expenditures in contingency reserves, including enterprise funds. Farrell states that Union WELL Inc. holds six months of operating funds, in addition to debt coverage for one year. Olmsted explains when reserve is discussed at the budget presentation, it will explain the Union WELL Inc. reserve requirement.
 - ii. Kaur asks if that money is separate from reserves. Farrell explains that it is currently in reserves, but the Chancellor's Office may want it to be held in separate account. Kwong adds that he does not think funds would have to be moved, he thinks it is just more definitions and stronger guidelines in what is required for reserves.
- 8. **Optional Budget Process Training February 6, 2020, Farrell: Information**
 - a. Farrell states that the optional budget process training will be held on Thursday, February 6 at 7:30am.
- 9. **The meeting was adjourned at 8:25am**

Respectfully Submitted:

Kindra Begley
Authorized Signature

1/29/20
Date