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Union WELL Inc. Budget and Finance Committee

Minutes

March 30, 2021

7:30am, Zoom Meeting

1. The meeting was called to order at 7:33 a.m., by Kaur
 - a. Present: Shubh Kaur, Arturo Ambriz, Jasmine Lopez, Rose McAuliffe
 - b. Also present: Jill Farrell, Bill Olmsted, Amy Jacobsen, Tori Butler
2. Public Comment: None
3. Approval of Minutes of March 10, 2021 **(MSP: Ambriz, Lopez)**
4. 2020-2021 TBU01 & TBU04 updates, Olmsted/Farrell, Information
 - a. Olmsted presents the changes to the TBU01 and TBU04 project lists, which includes an additional flooring project that was approved by the Board of Directors (BOD) on March 17. He explains that the athletic surface of the WELL's multi-activity court (MAC) has had over 10 years of use and, since there are multiple spots that need repair, it was decided it would be best to take advantage of the current closure and replace the entire floor.
5. 2021-22 Budget, Olmsted/Farrell, Information
 - a. General Revenue
 - i. Farrell presents university invoice rates for 2021-22, noting that campus is the organization's largest customer with many departmental meeting rentals, orientation, etc. in both buildings throughout the year. In conjunction with the Chancellor's Office and President Nelsen's office, there will not be a CPI increase for the student fee or meeting rental rates.
 - b. Personnel
 - i. Olmsted explains that there were already existing full-time vacancies when campus imposed the hiring freeze and additional vacancies have opened up along with some new positions. Campus has recently given authorization to start searches. He discusses Fitness and Wellness Asst Director, WELL Membership Coordinator, University Union Director, Intramural Coordinator, Climbing & Group Facilitation Coordinator, and Accounting Technician. New positions to fill include two Building Maintenance Specialists, Operations Coordinator, and Marketing Strategy & Outreach Coordinator. The budget-to-budget comparison results is an estimated savings of \$94,785 as a result of hiring delays, new vacancies, and new positions that are unfilled.

1. Lopez asks if the positions will be filled by the end of the year. Olmsted hopes to fill all ten vacancies by the end of the calendar year. However, it is unknown how quickly UEI will be able to process each position.
 - ii. Olmsted explains the minimum wage has been increasing each year since 2017, with a result of \$15 per hour beginning January 1, 2022. Because of the size of the organization, the impact of the increase for 21-22 is \$199,503. Farrell discusses other impacts on student wages including staffing changes stemming from expansion, expanding student positions, and additional tasks now required to prevent the spread of COVID. The 21-22 impact of general student wage increases, aside from minimum wage, is \$155,100 including taxes and the 10% UEI fee.
 1. McAuliffe asks how many students are hired, on average. Farrell states that Union WELL Inc. currently has around 80-100 students employed but a normal year exceeds 300, so this year will be very different. She adds that a massive hiring will be starting soon in preparation for reopening the Union and The WELL in the fall.
 - iii. Olmsted discusses potential salary increases, budgeted conservatively at \$219,265 including taxes and the UEI fee, which is 5% of the salary pool. For 2022, a decrease is expected for health benefits yet PERS will increase. The PERS increase of \$30,371 will be offset by \$44,300 in savings from implementing a new health benefit plan this year. The net result is a \$13,929 decrease, including the UEI fee. Olmsted explains the VEBA (Voluntary Employees Beneficiary Association) account and that the organization had planned to pay \$140,000 each year over a three-year period to ensure the plan is fully funded. Considering the budgetary surplus this year, it was decided to fully fund the obligation now and pay the remaining three-years in the current year. The total impact of personnel for 21-22 is \$325,154 including new and vacant positions, minimum wage increase, student wages, salary increase, full-time benefits, the 10% UEI fee, and VEBA.
 1. Kaur asks if money would come from the VEBA account if someone retires. Farrell explains that the organization's operational budget pays for benefits of current retirees. VEBA funds would only be used in the event that the organization was no longer in business and unable to meet this obligation.
 2. Lopez asks if paying into VEBA is optional for employees. Farrell explains that PERS is the wage portion of retirement that employees pay a portion into along with funds paid by the organization. VEBA medical benefits are separate and are paid solely by the organization for vested retirees; the VEBA is essentially a funding source to guarantee payment of medical benefits for eligible retirees.
- c. General Expenses
 - i. Farrell shares a budget to budget comparison of campus cost allocations for services provided by campus such as IRT, public safety, financial services, mail services, and fee collection. An increase in IRT has been confirmed and is anticipated in both the University Union and the WELL, mostly due to activation of network jacks in the expanded areas of the buildings with wireless access points and computer access. Public Safety will increase by a net of \$9,222 for the Union and The WELL. In summary, campus cost allocations budgeted expenditures total \$386,425 for 21-22.
 - ii. Olmsted reviews a budget to budget comparison of utilities, which have been difficult to forecast due to expanding facilities, rate increases, and changes to billing methods. He

notes that the year-end projections for this year are significantly lower than the forecasted budget mostly due to the facilities not being open and not operating major systems. The impact of utilities on the 21-22 budget is \$26,217 for the University Union and \$23,658 for the WELL. Jacobsen adds that the SMUD rate increase was the only utility forecasted based on data, all others are estimates. For outside services, Olmsted notes that the largest contract the organization has is with CSG, who provides custodial services in both buildings. The \$238,164 increase in 21-22 is mostly caused by the increase in square footage, and the implementation of precautionary COVID cleaning protocols. The total impact of campus and outside services for the 21-22 budget is \$298,187 over the current year.

d. Capital

- i. Olmsted shares the capital project list for the coming year which includes adding and replacing golf carts, purchasing custodial equipment, and data equipment such as surveillance cameras, radio equipment, technology for implementing smart carts, and adding point of sale (POS) systems in the University Union. Total budget for capital projects in 21-22 is \$113,500.

e. Plant Fund (Repair and Replacement)

- i. Olmsted reviews the plant fund project lists including replacement of custodial equipment, WELL golf cart, and fitness equipment replacement which are on a replacement cycle. Repairs include the University Union fireplace lounge and remodeling in some areas of the University Union.
 1. McAuliffe suggests comparing the cost of leasing equipment versus purchasing, to determine best value. Olmsted states that leasing has been considered and revisited at various times, and it makes the most sense to purchase equipment due to how much use the equipment gets and how it's maintained. He adds that most vendors have good buy back options when the equipment is replaced, which is factored in as a credit off of the purchase.
- ii. Olmsted continues to discuss repair and replacement projects including the art fund, which is used for student art show purchases and general purchases for the organization's permanent art collection, as well as the maintenance of pieces in the collection. Data equipment projects include workstation refreshes and other items on a replacement cycle based on warranty. The total of repair and replacement projects is \$483,028; the grand total of both capital and repair/replacement is \$596,528 for 21-22.

f. Non-Recurring Maintenance and Repair & Capital Improvement (TBU01 & TBU04)

- i. Olmsted explains that TBU01 funds are for non-recurring maintenance and repair projects, and reviews the project list which totals \$2.6 million for 21-22. Farrell adds that, while the budget is increasing year over year, this number is larger due to the University Union AC project which makes up for \$1.1 million alone. Olmsted then reviews the TBU04 project list which are the major capital improvements to facilities such as replacement of walkways, automatic doors and storefront, digital signage and scoreboard, as well as restroom upgrades in the University Union. The TBU04 projects total \$5.4 million for 21-22. The grand total of both TBU01 & TBU04 is \$8.1 million. Olmsted adds that the projects in these categories are truly necessary in order to maintain the types and size of the facilities, and to ensure the facilities are open, operational, safe and functional.

g. Long Range Plan

- i. Farrell explains that at the next meeting, which will also include both University Union and WELL advisory groups, the team will illustrate how what was presented today ties-in to the long-range plan and that the organization can sustain all that is planned. Reserve levels will also be reviewed at the next meeting.

6. The meeting was adjourned at 8:56 am

Respectfully Submitted:


Jasmine Lopez (Oct 29, 2021 16:47 PDT)

Authorized Signature

Oct 29, 2021

Date