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California State University, Sacramento
University Union Operation of CSUS Inc.
6000 J Street • Sacramento, CA 95819-6138
T (916) 278-6744 • www.csus.edu/union

Union WELL Inc.

Budget and Finance Committee

October 23, 2019

7:30am, WELL Shoreline

Minutes

1. The meeting was called to order at 7:46 am by Begley
 - a. Members present: Kindra Begley, Stacy Hayano, Shubh Kaur Jasmine Lopez, Norman Kwong
 - b. Also Present: Jill Farrell, Bill Olmsted, Amy Jacobsen, Tori Butler, Rose McAuliffe
2. Public Comment: None
3. Review Charge of Budget and Finance Committee
 - a. Farrell provides an overview of the committee responsibilities.
4. Conflict of Interest forms
 - a. Begley points out the conflict of interest forms that were handed out, and asks everyone to sign them and turn them in.
5. Approval of Minutes of March 27, 2019 (MSP: Kwong, Shubh)
6. Proposed Strategic Planning and Budget Timeline 2020-2021 (MSP: Shubh, Lopez)
 - a. Farrell presents the proposed timeline that was included in the handout.
7. TBU01 & TBU04 updates and approvals (MSP: Shubh, Lopez)
 - a. Farrell explains that TBU01 is the budget for repair and maintenance projects and TBU04 is for capital improvement projects. She presents the list of projects for each account and discusses the one change, which was an increase to the Union chiller project in the amount of \$6,378. The total budget for TBU01 is \$693,613 and TBU04 is \$815,925, for a combined total of \$1,509,538.
 - i. Kwong asks if there is an estimate of the Union's deferred backlog and if \$693,000 keeps the organization up to date on maintenance. Olmsted states that this plan

keeps the corporation on schedule, and explains that there is a five year plan to perform work every year to bring equipment up to date. The team will also be reviewing priorities as they shift, and as things come up, the budget will be adjusted as necessary. Farrell adds that the team strategizes priority and personnel, since both buildings have major projects going on at the same time. She notes that the corporation could likely afford more projects, but staff cannot handle more since maintenance is currently short-staffed.

8. 2019-20 Cap and Plant Updates

- a. Farrell provides an update on Capital and Plant projects and explains that as priorities shifted last year, projects had to be delayed or rescheduled due to personnel or resource issues. Those projects were deferred to this year. Monies allocated for those projects fell into surplus and they remain in reserves. Farrell explains that department 70 is for capital projects, which are new projects, and department 80 is for repair and replacement projects. She states that projects will always be presented to the Budget & Finance Committee for approval ahead of time, if possible. However, emergency repairs will be done as needed and brought forward as an update.
 - i. McAuliffe asks what happened in Round Table that cost \$48,000. Olmsted explains that the Union's 2nd and 3rd floor restrooms on the south side feed to the main drain-line, and that line failed directly above Round Table. Olmsted states that a remediation company was brought in within one hour to restore the area. The work was completed in less than five days, and Round Table was open the day after it occurred, with use of half of their space.

9. 2019-20 Department 68 Update

- a. Farrell explains that department 68 is for expansion related expenses, which are not part of the scope of the project, rather occurring because of the project. Farrell states that the original approved budget for 19-20 was \$250,000 and that the BOD approved additional projects carried over from 18-19 in the amount of \$141,367. The revised budget for 19-20 now totals \$391,367.

10. Optional Budget Process Training

- a. Farrell states that a training on the budget process is offered for members, to show the structure of the budget and how it will be presented. This typically helps members prepare and be more comfortable with the approval process. Begley offers her experience with the budget training, noting that she is not a budget specialist, so the training helped her understand how our organization functions.

11. 1st Quarter Budget to Actual Variance Review

- a. Farrell explains the layout of the 1st quarter financial variance report.
 - i. Kwong states that return of surplus may be throwing people off, and asks if it is the amount for the year. Farrell confirms, and explains that the return of surplus is recognized when received, but funds will be utilized throughout the year to fund operations.

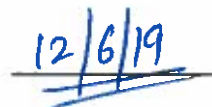
- b. Farrell continues to explain that variance reports are presented quarterly. She then discusses revenue and expenditure impacts. Highlights include a decrease in Union facility use fees and lease revenue. She explains that it was agreed that a CPI increase for SHCS would not be assessed during construction and thus not budgeted for, but due to delays in construction, the organization assessed CPI.
- i. Kwong comments that he is concerned that if SHCS is given a one-year pass on CPI it could accumulate over time unless you go back and assess. He asks if the organization would go back and bring CPI up to date once expansion is complete. Farrell states it was decided with the SHCS not to catch up. This was agreed not only as a goodwill gesture, but also for unplanned and unknown factors. Kwong states that he understands not doing it the year of construction occurs, but inconvenience is a one-time thing and, by not catching up CPI, they get a break forever. Farrell acknowledges the comment and that management understood this fact, but in the end, it was a business decision to calculate this way.
 - ii. McAuliffe asks if the team goes out and gets market studies on cost per square foot in Sacramento. Farrell states that the organization had done research in the past. She adds that Kate Smith conducted additional research for the SHCS space when plans were being developed for expansion. McAuliffe acknowledges that a market study does not have to be used.
 - iii. Hayano asks if CPI is based on Bay Area index. Farrell confirms yes.
 - iv. McAuliffe asks what the budget for dues fees and subscriptions includes. Farrell explains that it is mostly IT systems and subscriptions, noting that the IT portion alone is about \$80,000 of the \$303,061 budget.
 - v. McAuliffe asks how many staff members there are. Farrell states that there are about 47 full-time staff.

12. The meeting was adjourned at 9:07 am

Respectfully Submitted:



Authorized Signature



Date