



**Union WELL Inc. Joint Meeting of the
Budget and Finance Committee
University Union Advisory Group
The WELL Advisory Group**

April 19, 2023, 7:30am
7:30am, University Union Pacific Suite, 3rd Floor

Minutes

1. The meeting was called to order at 7:38 am, by Mehrotra
 - a. Present: Sheree Meyer, Briemann Howard, Chris Campbell, Maanvee Mehrotra, Marina De La Cruz Ramirez, Wayne Linklater, Bridie Carinci, Monique Curayag, Lara Falkenstein, Elena Larson, Gloria Coss, Lauren Garrett, Tony Lucas
 - b. Also Present: Bill Olmsted, Kate Smith, Jill Farrell, Amy Jacobsen, Jessica Swart, Zenia LaPorte, Rebecca Dietzler, Rina Chhong, Tori Butler
2. Public Comment: None
3. **2023-24 Budget: Action Requested**
 - a. **2023–24 Operating Budget, including Capital and Plant Fund Expenditures (MSP: Curayag, Meyer)**
 - i. Olmsted shares the proposed 2023–24 operating budget including a budget-to-budget comparison against 2022–23, and discusses variances beginning with revenue. Contracts & lease payments have decreased due to a recalculated lease for Student Health & Counseling Services (SHCS) with decreased square footage, tenants relocating, and periods of time where the building was not fully occupied. Interest income reflects a significant increase that is being driven by the market. In the current year, the return of surplus was \$12.2 million and a strategic decrease is being proposed for next year at \$9.6 million. This decision, to run a deficit budget, is a strategy to keep funds available for major projects that are funded from our account on the stateside, and the budgetary deficit is covered by Union WELL, Inc's (UWI) local reserves. Membership revenue is expected to increase as people are returning to campus, starting memberships, and buying guest passes.
 - ii. Olmsted presents expenditures by category and discusses budget-to-budget variances. Event related accounts combined are increasing \$64,000 over last year due to the increase in cost to buy goods, services, and rent equipment. Insurance will have an increase due to the increased cost of insurance and because of the lack of campus events to mitigate expenses. Olmsted explains that UWI has the same insurance provider as campus, and that campus has historically allowed UWI to mitigate their property insurance costs against billable services provided to campus.
 - iii. Custodial, maintenance, and program supplies are all increasing due to the cost of business going up. Utilities are usually the most volatile part of the budget. And although data is being rebuilt to better predict utilities, rates are continuing to increase. Outside services, including wages and benefits for full-time and student staff, and the UEI HR fee, are all increasing. Olmsted explains that the corporation contracts UEI to provide payroll and HR services for a fee; 10% of wages and benefits. The increase in full-time wages is the result of adding 3-4

positions and anticipated salary increases. PERS also increased and a 10% increase in medical benefits is expected starting January.

- A. Larson asked if student wages are included. Olmsted says yes.
 - B. Linklater asks how the 10% UEI fee compares to the industry standard. Olmsted states that a studies have been done in the past to explore having HR and payroll services brought in-house, but found it would not be cost-beneficial. Also, UEI offers retirement through PERS. Linklater asks if management has been happy with their service, and Olmsted acknowledges there have been ups and downs over the years, but that have always been addressed.
- iv. Olmsted discusses SOA accounts which are campus cost allocations for services provided by campus and states most accounts are less due to campus vacancies, except IRT which is based on actual number of jacks & equipment. Olmsted states the proposed budget for the capital and plant accounts is approximately \$900,000 for 2023-2024. The increase of \$330,000 is for fitness equipment, computer refresh, and the conversion to indoor tri-bin containers, along with several other purchases.
 - v. Olmsted summarizes the revenue for 2023-24 projected at \$14 million and expenditures at \$17.8 million, and states the result is a deficit variance of \$3,806,238. Olmsted assures the committee that the deficit budget is very strategic and that local reserves are available.
- b. **2023–24 TBU01 and TBU04 Expenditures (MSP: Coss, Howard)**
 - i. Olmsted explains that TBU01 and TBU04 funds are for non-recurring maintenance/repair and capital improvement projects, respectively. He presents the proposed 2023-24 project lists, including projects with funds designated and were board-approved in previous years, totaling about \$11.6 million. He notes that major capital projects involve Campus Facilities and Contracts & Procurement, which have been inundated with projects creating a bottleneck for projects. Farrell notes that some project bids came in years ago, so a cost increase is anticipated when the time comes to start the work. The Budget and Finance Committee and BOD will be updated, if necessary. Reserves will be available to cover increases. Olmsted discusses the new TBU01 project up for approval, replacing flooring in the University Union (UU) Lobby suite.
 - A. Carinci asks about the timeline. Olmsted assures it will not occur during orientation.
 - ii. Olmsted reviews the TBU04 projects in the WELL including replacing a section of the roof that's failing, a feasibility study for reengineering turf on the 2nd floor outdoor patio, and a feasibility study for the WELL expansion boiler enclosure. For the UU, the main skylight needs to be repaired or completely replaced.
- c. **2023–24 Long Range Plan (MSP: Garrett, Larson)**
 - i. Olmsted discusses the long-range plan and explains the flow of funds. The construction fund expense lines are for major capital projects such as the north field renovation project, which is highlighted in purple and has begun, but additional funding may be required in the coming year. To date, UWI is contributing \$9 million to the project. Student fees, or return of surplus, feeds into the operations side of the long-range plan as operation revenue and will be \$9.6 million for next year.
 - A. Swart notes that the project highlighted in purple is in the 2025-26 column. Farrell explains that is a different project in which phase three was bumped three-years to allow for the north field project. The down payment for that project was \$3 million and \$6 million, but those funds are being utilized for north field contribution.
 - ii. Olmsted recaps that the revenue fund ending balance is projected to be \$16.9 million. Union WELL, Inc.'s local reserves is budgeted to have \$15.8 million, which makes up the total \$32.7 million year-end working capital.

d. 2023–24 Reserve Levels (MSP: Linklater, Garrett)

- i. Olmsted discusses the reserve policy, which requires one year of debt coverage and six months of operating expenses, for a total of \$16.9 million. The proposed budget satisfies the reserves policy and leaves \$15.7 million in undesignated reserves.
 - A. Smith, emphasizes that TBU01 and TBU04 project budgets were approved years ago which will likely increase. The availability of funds allows the organization to keep projects on schedule as they are able to start them. Olmsted states that there are items on the 5-10-year plan to be done, but UWI also needs to be prepared for the unplanned project and facility expenses.
 - B. Lucas asks if there is a debt coverage ratio requirement. Olmsted says yes, a debt ratio of 1.1 is required. Farrell states that the debt coverage ratio for 2023-24 is currently at 2.2, which is higher than required by campus and the Chancellor's Office. The Board policy requires six months of operating expense in addition to debt coverage, which is separate from the campus requirement.
 - C. Larson noticed Habit Burger is listed on the UU repair and replacement project. Olmsted explains that, in the fall, the space that used to be Burger King is slated to become Habit Burger.

4. The meeting was adjourned at 8:48 am

Respectfully Submitted:



Authorized Signature

9/13/23

Date