



Union WELL Inc.  
Budget and Finance Committee, Union Advisory Group and WELL Advisory Group  
**Minutes**

April 21, 2021  
7:30am, Zoom Meeting

1. The meeting was called to order at 7:34 am by Lopez
  - a. Present: Jasmine Lopez, Rose McAuliffe, Rebecca Woolston, Sadia Ashraf, Trinh Pham, Lily McCalla, Arturo Ambriz, Luis Moya, Shubh Kaur, Justin Chuong, Tony Lucas, Megan Gross, Ethan Shaw, Nneka Omekam, Elena Larson, Tamara Franklin, Nadine Braunstein, Sheree Meyer, Mary Ann Wong
  - b. Also present: Jill Farrell, Bill Olmsted, Amy Jacobsen, Tori Butler, Rina Chhong, Zenia LaPorte, Kate Smith, Norma Sanchez, Rebecca Dietzler
2. Public Comment: None
3. 2021-22 Budget:

Olmsted provides an overview of the budgeting process and shares a budget worksheet example, noting that a worksheet exists for each budget account which are stored in a binder that is available to review at any time. He refers to the cross-spread sheet in the packet and illustrates how the worksheets connect to the cross-spread. He discusses 2020-21 revenue and expense year-end projections (YEP), which estimate a \$3,765,502 net variance. A budget-to-budget comparison of the current year and upcoming year reflects conservative revenue projections and expense costs going back up, resulting in a variance of -\$4,014,674 for 2021-22. Olmsted then discusses budget complexities, noting that COVID made budgeting tremendously difficult in all areas since the long-term effects of the campus closure on building use patterns are unknown. Other complexities include staffing model and resource predictions for the new spaces in both buildings, the projected timing of filling staff vacancies, the completion of the WELL expansion as well as a significant amount of capital projects, and the unknown timing or financial impact of the compensation study conducted by employer of record, University Enterprises, Inc. (UEI).

  - a. General Revenue
    - i. Olmsted discusses budget-to-budget variance factors for revenue including decreases in interest as well as in programming revenue and facility use fees. Return of surplus is also decreasing to support funding of major capital projects and an additional contribution to the WELL expansion project. However, lease revenue is expected to increase as students return to campus and vendors return to in-person operations. A variance of -\$4,060,231 is projected for 21-22 revenue compared to 20-21.
  - b. General Expenses

- i. Olmsted reviews budget-to-budget expense variance factors which are mostly related to personnel including full-time benefit program increases of 4.5% for both Anthem and Kaiser, and less than 1% for PERS. Decisions regarding the typical annual cost of living increase and potential pay for performance increases will not be known until June, however a 5% increase in the salary pool is projected just in case. If the increase ends up being higher than 5%, Olmsted assures that the difference can be absorbed by available reserves; possibly in a phased approach over a couple of years. Other variance factors include increases in campus cost allocations, projected increases in utility rates, and increased usage in The WELL after expansion completion.
  - ii. Olmsted shares a budget to budget comparison of campus cost allocations, which are fees paid to campus for services such as mail service, financial services, and public safety, and are not expected to increase significantly. He notes that the current year's YEP show that cost was lower than projected and, although buildings will be returning to a more realistic workflow, the budget only increases about \$10,000 over last year's original budget.
  - iii. Outside services such as utilities are also projecting very little change based on what is known as far as rate increases, with an increase of about \$50,000 for both buildings. Farrell notes that usage patterns in the University Union after the expansion completion are unknown due to facility closures for COVID. The lack of data creates volatility but the budget will be monitored and changes will be reported to Budget and Finance Committee (B&F).
  - iv. Olmsted discusses the custodial services contract for both buildings, which is the biggest contract that the organization has. The 21-22 budget increase for custodial services is approximately \$240,000 when compared to the current year, which accounts for increased cleaning protocols, in addition to opening a significant amount of new square footage in both the SHCS and recreation side of the WELL. The decrease in the 20–21 YEP compared to FY 21–22 budget is mostly due to building closures. Although the University Union has been closed to the public it has been utilized for vaccine clinics, events, vendor projects, and staff in offices, and custodial services continued full time. Olmsted notes that custodial is a large contract that will be put out for RFP (request for proposal), which is done every few years to ensure competitive pricing and that organization receives the best value and outcome. The total impact of campus and outside services is just under \$300,000. This increase along with personnel, makes up \$900,000 of the variance in expenses when comparing this year's projected budget to next year.
  - v. Olmsted shares an executive summary for the 21-22 proposed general expenses, noting that wages & benefits is the biggest number and includes the 10% UEI fee. He explains that VEBA is a fund that the organization has in place to ensure that post-retirement benefits will always be available for full-time staff who are vested upon retirement.
- c. Personnel
- i. Olmsted reviews full-time position vacancies and provides updates on the searches currently in progress, noting that many of the positions that were budgeted for the current year are back in the budget for 21-22 due to the hiring freeze. The impact of new positions and vacancies resulted in an estimated savings of almost \$95,000 when comparing budget-to-budget, which includes salary, taxes, benefits and the 10% UEI fee. A 5% increase in the salary pool of \$219,000 is being budgeted for, in hopes of being able to offer cost of living increases, as well as pay for performance increases, where possible. The minimum wage impact, including taxes, benefits and the UEI fee, is just under \$200,000. Olmsted notes that the \$1.00 minimum wage increase effective January has a sizeable impact because the organization employs a lot of part-

time staff. This increase has been planned for many years and is the final installment. A modest budget with a net savings of \$44,000 is estimated for health benefits. Olmsted notes that the current benefits program is very new and rate changes will not be known until fall. The total budget to budget variance with all net health costs including an increase in PERS, will decrease \$14,000 this year to next. Student wages are expected to increase as the process of recruiting students to prepare for reopening the WELL and the new spaces from expansion, as well as the eventual reopening of the Union. The total impact of changes in personnel expenses is increasing \$300,000 when comparing this year to next.

d. Capital

- i. Olmsted explains that the capital fund is for new equipment and the plant fund is for replacing existing equipment with newer or updated versions, and reviews the project lists. Capital projects include custodial equipment, golf carts, data equipment, typical camera additions, storage increases, upgrading meeting rooms for virtual and hybrid meetings with mobile smart carts, and new POS systems.

e. Plant Fund (Repair and Replacement)

- i. Olmsted reviews the plant fund project list including more custodial equipment, golf cart replacement, fitness equipment replacement, minor improvements and esthetic upgrades to the fireplace lounge, and workstation and radio refresh. The total impact of capital and plant projects is just under \$600,000.

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

- i. Olmsted explains that the TBU01 and TBU04 funds are for larger capital purchases, and are monies above the line, which are kept on the state side. A significant number of projects have been done during the closure to make modifications and upgrades, which will continue on top of preventative maintenance. Upcoming projects include repair of exterior walkways, replacement of automatic doors, bathroom upgrades, new scoreboards and digital signage. Olmsted assures that the proforma review will illustrate where monies are available to fund TBU01 and TBU04 planned projects for the coming year, totaling just over \$8 million.

A. McAuliffe asks if management feels confident in being able to complete all of the proposed projects in one year, or is there a plan to extend over multiple years, especially with so much hiring to do. Olmsted acknowledges that the list is ambitious but states that a lot of internal discussion is had on how projects are planned, how many are planned, what resources are and bandwidth. Olmsted feels confident that most will be able to be completed and at least all get started. Farrell adds that all TBU01 and TBU04 projects are coordinated with campus facilities and procurement. As soon as a project begins, monies are removed from revenue fund to the project code funding. Even if the project completion moves to the next year, funds have already been moved to the project code.

B. Pham asks how many student assistants are budgeted to hire, and asks if custodial projections include the cost of expansion areas. Olmsted doesn't know the exact number of student assistants but, on average, the organization employs about 300 students for both buildings. All are budgeted to return but at various times based departmental needs. Regarding custodial, yes, the increase reflects opening up added square footage. He adds that the type of new square footage being added calls for a more labor-intensive level of cleaning, such as restrooms, showers, and health care areas. Regarding student wages, Smith adds that the budget is based on operating hours and how many people are needed per shift.

g. Long Range Plan

i. Farrell presents the long-range financial plan and explains the sheet layout, which begins with the headcount that campus is projecting as the organization is predominately student fee funded. She reviews revenue funds including campus funded monies and interest income, and then reviews expenditures of funds held by campus including return of surplus. She points out that \$3 million is being funded into TBU01 and \$6 million into TBU04, which will allow the ability to fund the proposed TBU01 and TBU04 project lists. She discusses the WELL construction fund for \$4 million which is for the expansion project and is a hold that the Chancellor's Office has asked to place for potential COVID impacts, although the true impacts are assessed to be \$100,000. Once the WELL project is completed, those monies would be released and move back to the available fund balance. This year an additional \$2.7 million was funded to the WELL expansion project due to the project requiring additional funds, as approved by BOD and B&F after being presented with YEP to show that the organization was going to be running surplus of \$3.7 million. Farrell summarizes that the budget presented is proposing a deficit budget of approximately \$4 million in order to fund the \$2.7 million and cover the higher needs of TBU01 and TBU04, thus Union WELL Inc. is proposing only \$8 million in return of surplus funds for the 2021–22 budget.

h. Reserve Levels

i. Farrell reviews revenue fund balances, reserves and debt coverage ratio, and discusses minimum balances required by the Board policy in order to illustrate that the policy minimums are being met and the proposed budget is acceptable. Farrell then recaps reserves including operations and revenue fund.

**Budget 2021-2022**

Events (Program)	\$168,800
Insurance	\$71,996
Supplies	\$1,367,042
Services	\$41,185
Contracts	\$2,018,119
Utilities	\$810,201
ASI (Accounting)	\$135,824
Retiree Med Ben (+ VEBA)	\$176,063
Wages and Ben	\$8,125,784
SOA (UEI)	\$814,972
Cost Allocation (Campus)	\$470,360
Travel	\$92,183
Capital/R&R	\$596,528

**Undesignated Reserves**

Revenue Fund (Projected):	\$ 9,253,351
Local Reserves (Projected):	<u>\$ 15,500,619</u>
Total Undesignated Reserves:	\$ 24,753,970

BOD Policy Requires: 1 yr. debt coverage =	\$ 7,502,414
6 Mo. Operating =	<u>\$ 7,444,528</u>
Total BOD Policy Requirement:	\$ 14,946,942

Available Undesignated Reserves: \$ 9,807,028

**Designated Reserves**

Repair and Replacement Fund (Projected, Local):	\$ 2,565,742
NRMR Fund (Projected, TBU01):	\$ 2,122,943
CIMP Fund (Projected, TBU04):	\$ 1,116,487

Approval 2021-22 Operating Budget and Capital and Plant Fund Expenditures: **(MSP: Meyer, Ambriz)**

Approval 2021-2022 NRMR (TBU01) & CIMP (TBU04) Expenditures: **(MSP: Ashraf, Wong)**

Approval 2021-2022 Long Range Plan: **(MSP: Shaw, Chuong)**

Approval 2021-2022 Reserve Levels: **(MSP: Pham, Kaur)**

4. The meeting was adjourned at 8:58am

Respectfully submitted:

*Shubhkawanpr Kaur*  
Shubhkawanpr Kaur (Sep 15, 2021 12:48 PDT)  
Authorized Signature

Sep 15, 2021  
Date