

**UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE
FINANCE COMMITTEE MINUTES
FRIDAY, MAY 31, 2023
MINUTES**

USU INTERNAL CONFERENCE ROOM, SOL CENTER 2ND FLOOR

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I. Call to Order

Chair, M. Baghoumian called the meeting to order at 3:04 P.M.

II. Roll Call

| Present | Absent | Staff/Guests |
|---|---------------|--|
| Melissa Baghoumian, Committee Chair (voting) | | Alejandra Aparicio, Administration Assessment Coordinator |
| Junicarl Ferido, Student Committee Member (voting) | | Ruth Vasquez, Student Administration Assessment Assistant |
| Debra Hammond, Executive Director (non-voting) | | Tari Hunter, Associate Executive Director, Equity, Programs and Leadership |
| Krish Mangukiya, Student Committee Member (voting) | | Gregory Guajardo, Accounting & Finance Student Support Assistant II |
| Joseph Illuminate, Executive Secretary (non-voting) | | |
| Jaelyn Jones, Student Committee Member (voting) | | |
| David Ramirez Student Committee Member (voting) | | |
| Dr. Freddie Sanchez*, Assistant VP, Student Affairs, Equity & Inclusion Services (voting) | | |
| Dr. Edith Winterhalter, Associate VP for Budget & Strategic Business Ops, Administration, and Finance (voting) | | |
| German Wong Committee Co-Chair (voting) | | |

- *Dr. E. Winterhalter arrived at 3:20 p.m.*
- *D. Hammond left at 3:42 p.m.*

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III. Approval of Agenda

M/S/P (Dr. E. Winterhalter/G. Wong) Motion to approve the Agenda for May 31, 2023.

Main Motion approved by General Consensus

IV. Approval of Minutes

M/S/P (D. Ramirez /G. Wong) Motion to approve the Minutes for May 10, 2023.

Main Motion approved by General Consensus

V. Chair's Report

Committee Chair, M. Baghoumian expressed her gratitude to each member of the committee for their valuable contributions during the fiscal year. She emphasized the importance of their collective efforts in driving the committee's progress and achieving its goals.

The chair extended her sincere appreciation for the dedication and commitment shown by each member, recognizing their valuable input, and active participation in the discussions. She reiterated that their collective efforts were instrumental in advancing the committee's objectives, and she looked forward to continued collaboration and success in future endeavors.

VI. Action Items

A. 2023-24 Operating Budget Allocation Proposal

M/S/P (F. Sanchez /J. Ferido) Motion to recommend the approval of the 2023-24 Operating Budget Allocation Proposal with projected revenues and expenses in the amount of \$20,074,353.

Chair, M. Baghoumian, and Co-Chair, G. Wong, presented the Operating Budget Allocation Proposal referencing the Budget Message.

The purpose of this message is to provide an overview of the Budget Allocation Proposals. The budget is the means by which the organization implements its strategic priorities and allocates resources to student

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programs, services, and facilities. These proposals reflect our commitment to the students of California State University, Northridge, as well as the campus community, to maintaining financial viability and integrity within the constraints of available resources.

Fiscal Year 2023-2024 has been a year of resilience and challenge.

Ongoing challenges that the USU has faced since 20-21 will continue into 2023-24. These challenges include inflationary pressures affecting the cost of labor, services, and commodities, including an increase in the minimum wage for the City of Los Angeles from \$16.04 per hour to \$16.78 per hour effective July 01, 2023.

Additionally, there is an increase in interest rates and the potential decrease in projected headcount, which may have implications for the organization's financial planning. Furthermore, the potential elimination of the Build America Bonds (BABs) subsidy was highlighted. These bonds were initially issued in 2009 to stimulate construction during the Great Recession and have provided the USU with an annual interest subsidy ranging from \$500,000 to \$700,000.

Employee turnover was also discussed as a significant concern. To address this issue, a Compensation Analysis is being conducted to evaluate whether USU salaries for positions align with similar roles at CSUN and the CSU system. It was noted that staff employee turnover was 16.2% in 2022-23, an improvement compared to the previous year's turnover rate of 22% in 2021-22.

The aforementioned challenges are affecting the progress of the New Heart of Campus Project. The USU continues to navigate these challenges and assess various aspects of the project, including the Basic Needs Suite (BSN). This involves redefining the project scope, schedule, and budget while ensuring alignment with the elements outlined in the 2019 student referendum.

The decision-making process in regard to the New Heart of Campus Project includes gathering information from surveys and focus groups, analyzing escalation costs, considering the impact on enrollment, assessing the political climate, evaluating the perception of the project's necessity by students and the campus community, and considering bond interest rates.

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The USU has embraced the new strategic directions outlined in CSUN's Road Map to the Future. Efforts were made to introduce the Board of Directors, professional staff, and student staff to the CSUN Road Map to the Future committee. This included working on definitions of justice, equity, diversity, and inclusion, and creating opportunities for dialogue and learning.

The six strategic directions were presented and discussed at All-Staff meetings to demonstrate the alignment between the strategic directions and the USU's goals and mission.

A collaborative effort between the Board of Directors Diversity & Inclusion Committee and the Internal Diversity, Equity & Inclusion Work Team was highlighted. This collaboration resulted in the development of the USU's Land acknowledgment statement, recognizing the importance of acknowledging the traditional Native lands.

To enhance understanding and engagement with Native communities and develop a comprehensive Land Acknowledgment, members of the respective teams completed an eCourse titled "Beyond the Land Acknowledgement: The Occupation of Native Nations, 'Land Back,' and the Role of Higher Education."

Looking ahead to the 2023-2024 academic year, the organization expressed its commitment to furthering justice, equity, diversity, and inclusion (JEDI) efforts. This commitment will be realized through ongoing training, assessment, and the delivery of thought-provoking programs and services for all CSUN students.

The committee members discussed the current economic outlook of the State of California. It was noted that the projected \$100 billion surplus has transformed into a \$29.5 billion deficit for the upcoming fiscal year, 23-24. This shift can be attributed to factors such as inflation, interest rate increases, and declines in the stock market.

However, it was highlighted that the state's budget demonstrates resilience due to prudent financial management. Over the past several budgets, the state has strategically allocated billions of dollars to build up reserves, resulting in total reserves of \$35.6 billion. These reserves are intended to fulfill key objectives, including the elimination of debt, reduction of retirement liabilities, and

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prioritization of one-time spending over ongoing investments.

The Governor's budget proposal reflects the second year of the multi-year compact with the CSU. It entails a 5% funding increase of \$243 million, contingent upon clear commitments to expand student access, promote equity, and enhance affordability.

The Governor has expressed a strong dedication to improving access to the CSU, fostering student success, advancing equity, increasing the affordability of higher education, and supporting high-demand career pathways.

The funding increases in the Compact are provided in recognition of the CSU's commitment to the following:

- Increasing access to the CSU
- Improving student success and advancing equity
- Increasing the affordability of a CSU education
- Supporting workforce preparedness and high-demand career pipelines
- Providing access to online course offerings

The USU is projected to receive 85% of its 23-24 budget from student fees. Student fee revenue is based on student headcount (enrollment).

Projected CSUN headcount is a challenge for the 23-24 fiscal year. The projected headcount is 35,696 for Fall 2023 and 33,012 for spring 2024 for an annual average of 34,680 students. 34,680 is below the 36,260 students projected in the USU's long-term financial plan. We will be closely monitoring the projected and actual headcount and make any adjustments to the financial plan as necessary.

The USU has implemented various strategies to ensure that it has the ability to withstand economic downturns and maintain our long-term financial viability.

Our first strategy is to ensure that total revenues and expenditures in the operating budget proposal align with the corresponding revenues and expenditures in the financial plan. We are continuing to work closely with our consultants Brailsford & Dunlavey to continually update the plan with the

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latest financial information.

The second strategy is to maintain the Debt Service Coverage Ratio (DSCR) above 1.25 which means that there is always a \$1.25 of net student fee revenue available for every \$1.00 of annual debt service. Having a 1.25 DSCR means that we will have enough money to pay bondholders back what they loaned the USU to build our facilities.

The third strategy is to build up Unallocated Reserves to handle unexpected economic events and any other financial contingency. In 23-24, we will continue our successful strategy of increasing the Unallocated Reserve balance by transferring unutilized funds identified during quarterly budget reviews to Unallocated Reserves.

The fourth strategy is to retain a reserve for one-time, non-recurring Administrative Contingency purchases. Administrative Contingencies are included as a part of the Operating Budget Allocation Proposal. The 23-24 proposed budget for Administrative Contingencies is \$374,100. See **Exhibit 1** for details.

The fifth strategy is to manage the surplus so that the surplus is not excessive or manage the deficit when it may be necessary to purposely propose a budget deficit.

During COVID, actual expenses were lower than budget resulting in large surpluses in excess of \$1 million. If an unexpected large surplus develops in 23-24, the USU will invoice less student fees than approved in the budget in order to reduce the surplus. The student fees that remain in the Revenue Fund could provide more funding for the New Heart of Campus project. This strategy was used in May 2023.

\$6 million dollars in the Consolidated Investment Pool (CIP) has been committed to providing part of the down payment for the New Heart of Campus Project. These funds must be transferred to the Revenue Fund from the Operating Fund to make these funds available for the project. If this \$6 million is needed in 23-24, a planned deficit of up to \$6 million may result. The reason is that the transfer back to the Revenue Fund is considered

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an expense from an accounting perspective. A \$6 million transfer would offset any surplus in existence at the time of the transfer.

The University Student Union's 23-24 Budget Allocation Proposal totals \$20,074,353. The USU is proposing a breakeven Operating Budget which means that the total budget for revenue equals the total budget for expenditures.

The projected increase in revenue is \$904,897 or 4.7%. Student union fees provide 85% of the operating revenue budget and non-student fee revenue accounts for 15% of the operating revenue budget.

All revenue categories are projected to increase with the exception of Interest Income although this may change as interest rates have been rising.

Student fee income is based on the most recent student headcount forecast made available by the campus. Decreases in student headcount may have an adverse financial impact on Student Union Fee revenue. Decreases in student fees are managed by realigning expenditures with revenues during quarterly budget reviews. The following table summarizes the dollar and percentage variances in each Revenue category:

| Revenue Category | 2022-23 Adopted Budget | 2023-24 Proposed Budget | Variance \$ | Variance % |
|--------------------------|---------------------------|----------------------------|-------------------|-------------|
| Student Fees | \$ 16,271,507 | \$ 17,141,320 | \$ 869,813 | 5.3% |
| Food Service Commissions | \$ 40,000 | \$ 46,464 | \$ 6,464 | 16.2% |
| Rental Income | \$ 758,494 | \$ 942,100 | \$ 183,606 | 24.2% |
| Program Income | \$ 501,075 | \$ 560,625 | \$ 59,550 | 11.9% |
| SRC Income | \$ 534,949 | \$ 524,760 | \$ (10,189) | -1.9% |
| Interest Income | \$ 70,600 | \$ 53,843 | \$ (16,757) | -23.7% |
| Grant Revenue | \$ 720,060 | \$ 578,770 | \$ (141,290) | -19.6% |
| Miscellaneous Income | \$ 210,414 | \$ 226,471 | \$ 16,057 | 7.6% |
| Total Revenues | \$ 19,107,099 | \$ 20,074,353 | \$ 967,254 | 5.1% |

The projected increase in expenditures is \$904,897 or 4.7%. Salaries & benefits comprise 66.0% of the expenditure budget and Operating Expenditures comprise 34.0% of the expenditure budget. The percentage of total salaries and

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benefits to the total budget is higher than it has traditionally been (less than 65%).

Surprisingly, the total cost for benefits decreased due to a decrease in Workers Compensation insurance premiums and a reduction in Post-Employment Insurance expense.

Workers Compensation premium decreased for the following reasons:

1. The USU did not file any major claims.
2. The Classification Rates, which determines the premium for different worker categories (clerical and administrative, professional student activity functions, retail operations, food service, and manual labor), was reduced by 4% to 28%.
 - The Workers' Compensation Insurance Rating Bureau (WCIRB), which develops the premium classifications rates for submission to the California Insurance Commissioner and administers the Commissioner's workers' compensation regulations, recommended the decrease in the classification rates.
 - The USU's insurance organization, the Auxiliary Organization Risk Management Alliance (AORMA), adopts the classification rates recommended by the WCIRB.

Post-Employment expense is calculated by a third-party actuary, an individual who compiles and analyzes statistics to calculate insurance risks and premiums.

Post-Employment expense is projected to decrease from the prior year due to an increase in the discount rate/interest rate. When the discount rate increases, post-employment expense decreases. With a higher discount/interest rate, the USU is projected to earn more interest on its investment in the Voluntary Employee's Benefits Trust (VEBA) which is used to fund the retirement benefits of eligible participants in the Retirement Health Benefits Plan (RHBP).

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Earning more interest means more investment income is funding RHBP benefits instead of USU Cash. The less cash the USU contributes translates to a decrease in post-employment expense.

Exhibit 2 summarizes the dollar and percentage variances in each Expenditure category.

Chair, M. Baghoumian urged the Board to approve the Operation Allocation Budget proposal by explaining that once adopted by the Board of Directors, the budget establishes the direction for the USU's programs and services for the coming fiscal year. It represents the synthesis of the Board of Directors' direction on how best to accomplish the USU's strategic priorities in accordance with available resources, policies, and sound financial and business practices.

Motion passes 8-0-0

B. 2022-23 Designated Reserves Allocation Proposal

M/S/P (D. Ramirez /J. Jones) Motion to recommend the approval of the 2023-24 Designated Reserves Allocation Proposal in the amount of \$1,044,475.

Co-Chair, G. Wong presented the 2023-24 Designated Reserves Allocation Proposal. **Exhibit 3** provides the details of the Designated Reserves Proposal.

Motion passes 8-0-0

C. 2022-23 Capital Outlay Allocation Proposal

M/S/P (G. Wong/K. Mangukiya) Motion to recommend the approval of the 2023-24 Capital Outlay Allocation Proposal in the amount of \$211,223.

Co-Chair, G. Wong presented the Capital Outlay Proposal. **Exhibit 4** provides the justifications for the items in the proposal.

Motion passes 8-0-0

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D. 2022-23 Major Purchase, Repair, and Replacement Allocation Proposal

M/S/P (G. Wong /D. Ramirez) Motion to recommend the approval of the 2023-24 Major Purchase, Repair, and Replacement Allocation Proposal in the amount of \$4,957,865.

Co-Chair, G. Wong presented the 2023-24 Major Purchase, Repair, and Replacement Allocation Proposal. **Exhibit 5** provides the descriptions and justifications and for the purchases.

Motion passes 8-0-0

E. 2022-23 Third Quarter Budget Report (9&3)

M/S/P (G. Wong/F. Sanchez) Motion to recommend the approval of the 2023-24 Third Quarter (9 & 3) Budget Report.

Chair, M. Baghoumian presented the Third Quarter Budget Report.

The purpose of this report is to summarize the financial position of the University Student Union as of March 31, 2023. This report reflects financial operations for the nine-month period ending March 31, 2022. The optimal operating range is 75% of the yearly budget, though limits from 70% to 80% are acceptable.

The USU will not invoice campus for May 2023 student fees in the amount \$1,355,959 in order to lower the surplus by this same amount. Since these student fees will remain in the Revenue Fund, they can be used to supplement funding for the New Heart of Campus Project.

Revenues

Total Revenue is \$14,490,465 which represents 75.8% of the revised budget of \$19,114,531.

Expenditures

Total Expenditures are \$12,177,620, which represents 63.8% of the revised budget of \$19,072,920.

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Statement of Changes in Financial Position

Total assets are \$12,951,381 of which \$12,158,109 is cash. Total liabilities are \$3,310,757 of which \$1,807,762 is the estimate to pay for the projected medical expenses of current and future USU retirees who are in the Retirement Health Benefits Plan (RHBP). Total Net Assets are \$9,640,624.

Investment Summary

Total investment income is \$42,691 of which \$39,171 is from the investment in the CSU Consolidated Investment Pool also known as CIP. The balance of \$3,519 is from the investment in the US Treasury Cash Reserves fund at Farmers & Merchants Bank and the Capital Preservation Fund.

Unallocated Reserves

Unallocated Reserves were eliminated from the budget in order to align the 22-23 Budget with the USU's Financial Plan.

The balance in Unallocated Reserves has grown to \$965,841 as of March 31, 2023 as a result of department managers returning unutilized funds to the USU during the First (3&9), Second (6&6) and Third (9&3) Quarters' budget review process.

Designated Reserves

A Total of \$8,374 of Designated Reserves was transferred to the operating budget during the quarter for vacation advances and corresponding employer-paid payroll taxes. The available balance is \$278,823. Total transfers fiscal year-to-date are \$239,439.

Capital Outlay

The Capital Outlay Budget is \$70,268. Total Capital Outlay expenditures for 22-23 is \$74,127. All Capital Outlay purchases for 22-23 are complete.

Foundation Account Balances

The USU Foundation account has a cash balance of \$509,177 of which \$171,175 is unrestricted and \$338,002 is restricted. The USU received the first \$40,000 installment of the Bryan Green Endowment during the quarter.

Work-Study

The USU has received \$54,855 in work study payments and has expended \$13,693

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which leaves a surplus of \$41,162.

Motion passes 8-0-0

VII. Discussion Items

A. 2021-22 Committee Goals Year-End Review

Chair, M. Baghoumian led the discussion on the progress the committee made towards completing its goals for the 2021-22 fiscal year. Please refer to the table below:

| No. | GOALS | PROGRESS |
|------------|--|---|
| 1 | Update and finalize the long-term financial plan for the New Heart of Campus project for presentation to the USU Board of Directors and Campus Administration. (May 2023) | In Progress – the Financial Plan was discussed with the Finance Committee on November 08, 2022. The last time the Financial Plan was updated was in October 2022 before the scope of the New Heart of Campus project changed. The Financial Plan cannot be updated until the revised scope of the New Heart of Campus project is determined. |
| 2 | Revise the Procurement Policy to incorporate justice, equity, diversity, and inclusion (JEDI) in order provide underrepresented small businesses the opportunity to compete for business opportunities with the USU. (May 2023) | In Progress – a draft of the revised Procurement Policy incorporating JEDI principles was presented to the Finance Committee on April 19, 2023, |
| 3 | Update the Fixed Asset Policy (May 2023) . | Not Started – Time constraints |

B. Committee Member Appreciation

Chair, M. Baghoumian expressed gratitude for each member’s service on the committee during the 2022-23 fiscal year by presenting a Certificate of Appreciation to each student and staff member.

VIII. Announcements

Chair, M. Baghoumian bid farewell, and stated that her Co-Chair, G. Wong will be present for the next semester. In addition, she informed the committee that there are openings available for the board of directors for which they could apply.

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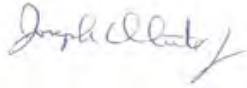
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IX. **Adjournment**

The meeting was adjourned by Chair, M. Baghoumian at 3:33 P.M.

Respectfully Submitted,



Joseph Illuminate
Associate Director, USU Accounting & Finance

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EXHIBIT 1 – ADMINISTRATIVE CONTINGENCIES

| No. | Dept No. | Dept Name | Description | Amount |
|--------------|----------|----------------------------------|--|-------------------|
| 1 | 31070 | SRC Admin | Projector (Epson/Sony/Panasonic) | \$ 4,900 |
| 2 | 31070 | SRC Admin | Fixed-frame Projector Screen | \$ 4,900 |
| 3 | 31070 | SRC Admin | Projector Accessories | \$ 1,000 |
| 4 | 31075 | SRC Aquatics | Outdoor Double Chaise Daybed With Sunshade | \$ 10,000 |
| 5 | 31350 | Technology Support Services | MataCard Phase 2 Implementation (Place Holder) | \$ 15,000 |
| 6 | 31350 | Technology Support Services | Professional Training - Staff | \$ 15,000 |
| 7 | 33010 | Accounting & Finance | Sightlines Consulting | \$ 48,500 |
| 8 | 33030 | Human Resources | PeopleDoc Implementation | \$ 15,800 |
| 9 | 33040 | Operations & Facilities Planning | Maintenance Yard Fence Banner | \$ 16,000 |
| 10 | 35030 | Facilities Maintenance | Plaza del Sol-Lights | \$ 50,000 |
| 11 | 35030 | Facilities Maintenance | SRC Glass Installation Placeholder | \$ 130,000 |
| 12 | 35050 | USU RES | Meeting Room Tables | \$ 63,000 |
| Total | | | | \$ 374,100 |

| JUSTIFICATIONS | |
|-----------------------|---|
| 1 | Projector for max. viewing size: for a medium-sized room with 125-150 viewers, a projector with at least 6,000 lumens brightness and a screen size of 20-25 feet wide. The large projector system to be used for staff trainings meetings in large spaces such as the Matarena and Red Ring Courts. |
| 2 | Fixed-frame projection screen compatible with the projector. The large projector system is to be used for staff trainings meetings in large spaces such as Matarena and Red Ring Courts. |
| 3 | Accessories such as mounts, cables, adapters, audio/visual equipment, and auxiliary lighting. The large projector system is to be used for staff trainings meetings in large spaces such as Matarena and Red Ring Courts. |
| 4 | Current canopies were purchased when the facility opened in 2012. Aquatics request funds to replace the current canopies. 4 canopies x \$2,500 each = \$10,000. |
| 5 | This placeholder is for Phase 2 of the MataCard implementation project. This entails purchase and installation of MataCard entrance scanner/reader equipment in various locations including the New Heart of Campus Project Showroom, Computer Lab, Student Recreation Center, and the Oasis Wellness Center. The primary objective of this initiative is to gather data for analytical purposes which will provide valuable information on student majors, demographics, and other relevant data. This contingency will cover the costs associated with the purchase and installation of the MataCard scanner/readers in all designated locations. |
| 6 | Training allocated for TSS staff: <ul style="list-style-type: none"> •Data Analytics Bootcamp •VMware Certified Professional - Data Center Virtualization Training Camp •Vmware Certified Professional - Desktop Management 2023 |
| 7 | Update the 30-Year Major Repair & Replacement Plan. Quotation includes a Facilities Condition Assessment of eleven buildings, online software access/training, presentation of findings, and budget modeling. |
| 8 | Requested funding for the implementation of People Doc, a cloud-based Human Resources management platform. |
| 9 | Purchase of 2023-2024 Maintenance Yard Fence Banner including Custom Banner Graphics A - R and Banner Installation. |
| 10 | Plaza del Sol accent lights are to brighten the area and make the Plaza del Sol more inviting and to improve the aesthetics of the USU. |
| 11 | The manufacturer of the windows in the SRC has agreed to replace 13 defective windows without cost to the USU. The USU is responsible for the installation. The estimated cost to replace each window is \$9,700 based on the cost the last time a window in the SRC was replaced. |
| 12 | Purchase of 6 ft by 18 ft tables for meeting rooms to provide consistency in the size of tables across the organization. |

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EXHIBIT 2 – EXPENDITURE CATEGORY

| Expenditure Category | 2022-23 Adopted Budget | 2023-24 Proposed Budget | \$ Variance | % Variance |
|---|---------------------------|----------------------------|---------------------|--------------|
| Staff Salaries | \$ 5,741,365 | \$ 6,187,550 | \$ 446,185 | 7.8% |
| Hourly Wages | \$ 494,634 | \$ 502,473 | \$ 7,839 | 1.6% |
| Student Wages | \$ 3,695,825 | \$ 3,920,889 | \$ 225,065 | 6.1% |
| Total Salaries & Wages | \$ 9,931,824 | \$ 10,610,913 | \$ 679,089 | 6.8% |
| Benefits | \$ 1,400 | \$ 1,400 | \$ - | 0.0% |
| Retirement | \$ 399,044 | \$ 397,000 | \$ (2,044) | -0.5% |
| Workers Compensation | \$ 161,991 | \$ 80,003 | \$ (81,988) | -50.6% |
| Unemployment Compensation | \$ 59,534 | \$ 65,050 | \$ 5,516 | 9.3% |
| Insurance Benefits | \$ 1,126,771 | \$ 1,115,366 | \$ (11,405) | -1.0% |
| Vacation | \$ - | \$ - | \$ - | - |
| Post Employment Insurance | \$ 537,476 | \$ 357,309 | \$ (180,167) | -33.5% |
| Payroll Taxes | \$ 591,625 | \$ 611,556 | \$ 19,931 | 3.4% |
| Staff Enrichment Reimbursement | \$ 32,128 | \$ 35,368 | \$ 3,240 | 10.1% |
| Benefits | \$ 2,909,968 | \$ 2,663,052 | \$ (246,916) | -8.5% |
| Total Salaries, Wages & Benefits | \$ 12,841,792 | \$ 13,273,965 | \$ 432,173 | 3.4% |
| Cost of Goods Sold | \$ 15,900 | \$ 25,800 | \$ 9,900 | 62.3% |
| General Operating Expenses | \$ 341,127 | \$ 413,093 | \$ 71,966 | 21.1% |
| Supplies & Services | \$ 2,131,114 | \$ 2,316,386 | \$ 185,272 | 8.7% |
| Travel | \$ 195,672 | \$ 202,139 | \$ 6,467 | 3.3% |
| Utilities | \$ 1,270,528 | \$ 1,132,040 | \$ (138,488) | -10.9% |
| Repairs & Maintenance | \$ 1,830,724 | \$ 1,923,849 | \$ 93,125 | 5.1% |
| Fees & Charges | \$ 64,301 | \$ 80,710 | \$ 16,409 | 25.5% |
| Reserves | \$ 121,377 | \$ 374,100 | \$ 252,723 | 208.2% |
| Grants & Scholarships | \$ 75,203 | \$ 75,255 | \$ 52 | 0.1% |
| Expendable Equipment | \$ 126,114 | \$ 141,920 | \$ 15,806 | 12.5% |
| Amortization & Depreciation | \$ 136,094 | \$ 128,227 | \$ (7,867) | -5.8% |
| Post-Retirement Expense | \$ (42,847) | \$ (13,130) | \$ 29,717 | -69.4% |
| Total Operating Expenses | \$ 6,265,307 | \$ 6,800,389 | \$ 535,081 | 8.5% |
| Total Expenditures | \$ 19,107,099 | \$ 20,074,353 | \$ 967,254 | 5.1% |
| Net Surplus (Deficit) | \$ 0 | \$ (0) | \$ (0) | 0.0% |

**UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE
FINANCE COMMITTEE MINUTES
FRIDAY, MAY 31, 2023
MINUTES**

USU INTERNAL CONFERENCE ROOM, SOL CENTER 2ND FLOOR

<https://csun.zoom.us/j/89924218583?pwd=Wk02dDdvS1k5WXR3TFVEWHFqL3JlQT09>

EXHIBIT 3 -DESIGNATED RESERVES ALLOCATION PROPOSAL

| Designated Reserve Category | Amount | Description |
|---|---------------------|-------------------------------------|
| Salaries & Wages | \$ 477,675 | General Salary Reserve* |
| Employer Paid Payroll Taxes | \$ 36,542 | Employer-Paid Payroll Tax Reserve** |
| New Staff Coordinator Position for Operations | \$ 130,258 | Salary & Benefits*** |
| Retirement Health Benefits Plan Funding | \$ 400,000 | RHBP Funding**** |
| Total Reserves | \$ 1,044,475 | |

*The General Salary Reserve includes funds for potential General Salary Increases (4% GSI); accrued vacation taken as cash (vacation advances); and potential salary increases as a result of a Compensation Analysis completed by a consultant.

**The Employer-Paid Payroll Tax Reserve used to pay taxes on total salaries and wages, is 7.65% of the \$423,000 Salary & Wages total.

***The Coordinator will provide support for the New Heart of Campus Project. The Building Manager Trainer will train Student Assistant Building Managers for USU Reservations & Events. Base salary for the Coordinator is \$50,000 plus \$21,000 for benefits. Base salary for Building Manager Trainer is \$41,731 plus \$17,527 for benefits.

****The Retirement Health Benefits Plan (RHBP) provides USU retirees reimbursement for approved healthcare-related expenses. This reserve does not increase the overall 2023-24 expenditure budget because the expense has already been incurred in prior fiscal years.

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EXHIBIT 4 - CAPITAL OUTLAY ALLOCATION PROPOSAL

| No. | Dept No. | Dept Name | Requestor Name | Item Description | Fixed Asset Type | Qty. | Base Cost | Contingency | Total Cost |
|-----------------------------|----------|-----------------------|--------------------|--|-----------------------|------|-------------------|------------------|-------------------|
| 1 | 33040 | Operations | Samantha Liu | Main Curtain Replacement (PDSPH) | Equipment | 2.0 | \$ 12,638 | \$ 1,264 | \$ 13,902 |
| 2 | 35030 | Maintenance | Vinnie Mele | Heating, Ventilation, Air Conditioning (HVAC) Panel Upgrade (F Building) | Equipment | 1.0 | \$ 22,477 | \$ 2,248 | \$ 24,725 |
| 3 | 35030 | Maintenance | Vinnie Mele | Exterior Shell Wall (F Building) | Leasehold Improvement | 1.0 | \$ 35,363 | \$ 3,536 | \$ 38,899 |
| 4 | 35030 | Maintenance | Vinnie Mele | Heating, Ventilation, Air Conditioning (HVAC) Chiller Control Panel (F Building) | Equipment | 1.0 | \$ 32,547 | \$ 3,255 | \$ 35,801 |
| 5 | 35050 | USU Reservations | Christopher Jensen | Power Distribution Unit | Equipment | 1.0 | \$ 14,000 | \$ 1,400 | \$ 15,400 |
| 6 | 31076 | Oasis Wellness Center | Condor | Massage Chairs | Equipment | 10.0 | \$ 74,996 | \$ 7,500 | \$ 82,496 |
| Capital Outlay Total | | | | | | | \$ 192,021 | \$ 19,202 | \$ 211,223 |

JUSTIFICATIONS

| | | | | | | | | | |
|---|---|--|--|--|--|--|--|--|--|
| 1 | The main curtain in the Plaza del Sol theatre is no longer fire rated due to severe deterioration which requires replacement for the safety of the venue. Rose Brand is the preferred vendor for stage fabrics. Rose Brand has provided all the drapes for the Soraya. | | | | | | | | |
| 2 | The current Energy Management System panel provided by Siemens is obsolete. The parts needed to maintain the panel are no longer produced. Therefore, a new panel must be purchased and installed to allow Siemens to effectively service the Heating, Ventilation, & Air Conditioning Energy Management system going forward. Currently, obsolete parts are obtained on eBay if obsolete parts are not available from Siemens. Obsolete parts do not have any warranty. [Sightlines Project #40] | | | | | | | | |
| 3 | The exterior shell wall around the cooling towers is made of wood and stucco. It is rotting and is considerably damaged and must be replaced to prevent it from falling over and causing potential harm. [Sightlines Project #63] | | | | | | | | |
| 4 | The current control panel produced by Johnson Controls is obsolete. The parts needed to maintain the panel are no longer produced. Therefore, a new panel must be installed to effectively service the Heating, Ventilation, and Air Conditioning (HVAC) system going forward. If an obsolete part were to break, the HVAC would be non-operational until the panel is replaced. However, the USU does have a small backup chiller that could be used if the HVAC is non-operational. [Sightlines Project #40] | | | | | | | | |
| 5 | The USU has a power source that can only be used when a proper Power Distribution Unit is used. The Power Distribution Unit is used to split and manage supply loads from a large single supply down to more usable formats. When this power has been needed in the past, an entertainment grade Power Distribution Unit has been rented and is used for a variety of events that require higher or dedicated power needs. Examples of past events include Night Market, Matador Nights, Sol Fest, and Car Graduation. While this power is not used daily, renting a Power Distribution unit is difficult due to rental insurance, delivery, and pickup. Each Power Distribution Unit has an average rental cost of \$700. The average rental cost does not take into consideration staff time used to pick up the unit and the administrative costs to secure insurance from the vendor. The quotation reflects the price of the Power Distribution Unit with the corresponding cable package. Purchase of the cable package will be funded through the operating budget. | | | | | | | | |
| 6 | Massage chairs are the primary reason students come to the Oasis which serves 6,000 to 8,000 students per semester. There are currently a total of ten (10) massage chairs: seven (7) massage chairs featuring customizable, heavy rollers and three (3) relaxation chairs with air hydraulics. These chairs are eight years old and were designed for residential use. The chairs have been out of warranty since 2018. The chairs need frequent repair and replacement parts are difficult to obtain in a timely manner. Two of the relaxation chairs are currently being repaired. The proposal is to purchase ten residential grade Super Nova massage chairs from Relaxtheback to replace the ten chairs currently in use. The Manufacturer's Suggested Retail price is \$9,999 per chair. However, the USU negotiated a price of \$6,848 per chair. Each chair comes with a premium commercial five year warranty and free delivery. The decision was made not to purchase commercial grade chairs because commercial grade chairs are designed for gyms. Most commercial grade chairs do not have heat and foot massage capabilities and the overall quality of the message is subpar when compared to residential grade chairs. The commercial chairs look dated and would be a downgrade from the chairs that are currently in use in the Oasis. | | | | | | | | |

**Sightlines is the consulting firm that assisted the USU in developing the 30-Year Major Repair & Replacement Plan.*

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EXHIBIT 5 - MAJOR PURCHASE, REPAIR & MAINTENANCE ALLOCATION PROPOSAL

| No. | Dept No. | Dept Name | Requestor Name | Item Description | Major R&R Type | Qty. | Base Cost | Contingency | Total Cost |
|----------------------------|----------|------------------|--------------------|--|----------------------|---------|---------------------|-------------------|---------------------|
| 1 | 31073 | SRC F&W | Alfredo Padilla | Replacement of SRC Selectorized and Cardiovascular Equipment | Purchase/Replacement | 1.0 | \$ 913,501 | \$ 137,025 | \$ 1,050,526 |
| 2 | 35030 | Maintenance | Vinnie Mele | Roof Replacement (F Building) | Replacement | 1.0 | \$ 97,410 | \$ 14,612 | \$ 112,022 |
| 3 | 35030 | Maintenance | Vinnie Mele | East Conference Center (ECC) Roofing Repairs | Repairs | 1.0 | \$ 162,700 | \$ 24,405 | \$ 187,105 |
| 4 | 35030 | Maintenance | Vinnie Mele | Southwest Building Heating, Ventilation, Air Conditioning replacement (HVAC) | Purchase/Replacement | Various | \$ 323,696 | \$ 48,554 | \$ 372,250 |
| 5 | 35030 | Maintenance | Vinnie Mele | Exterior Painting of all USU buildings* | Maintenance | Various | \$ 2,200,000 | \$ - | \$ 2,200,000 |
| 6 | 35030 | Maintenance | Vinnie Mele | Northridge Center (NRC) Lighting | Purchase/Replacement | Various | \$ 144,615 | \$ 21,692 | \$ 166,307 |
| 7 | 35050 | USU Reservations | Christopher Jensen | Meeting Room Audio Visual Upgrade (Phase II) | Purchase/Replacement | 1.0 | \$ 313,562 | \$ 47,034 | \$ 360,597 |
| 8 | 35050 | Operations | Samantha Liu | USU Sol Center & Reservations & Events Office Furniture Replacement | Purchase/Replacement | Various | \$ 442,659 | \$ 66,399 | \$ 509,058 |
| Major R&R Total | | | | | | | \$ 4,598,144 | \$ 359,722 | \$ 4,957,865 |

JUSTIFICATIONS

| | |
|---|---|
| 1 | All fitness equipment within the Student Recreation Center (SRC) including strength (selectorized, plate-loaded, and accessories) and cardiovascular pieces are out of warranty as of December 28, 2022. The costs of replacement parts steadily increase each year and will result in a long-term financial burden on the organization estimated to be approximately \$315,700 annually. Due to the normal wear and tear and cost of replacement parts, we recommend replacement of all selectorized and cardiovascular equipment. In addition, there are a number of selectorized machines where the parts are no longer available. Based on student feedback and usage, we are recommending to reduce the amount of cardiovascular equipment offered while increasing plate loaded equipment. Plate loaded strength equipment requires little to no repairs due to the lack of technology or mechanical parts such as moving parts and cables required for its use. Trade-in value is estimated to be \$15,000 for cardiovascular equipment and \$10,000 for strength equipment. |
| 2 | The roof repair was scheduled in the Sightlines 30-Year Repair & Replacement Plan for 2019. The current roof in the F Building is the original roof from 1974 which leaks during the winter months and has caused damage to the roof where the wood is rotting away. There is also termite damage. In addition, the F Building houses the high voltage switchgear. The roof replacement will avoid potentially dangerous water damage to the high voltage switchgear for the Heating, Ventilation, & Air conditioning (HVAC) system and chillers. [Sightlines Projects #58-#59] |
| 3 | The newly renovated East Conference Center (ECC) has a rock roof which was constructed in 1994. The roof is worn and causes leaks due to precipitation throughout the building. The leaks stain the roof tiles which must be replaced. A new roof must be installed to prevent damage to the newly completed renovations on the second floor. [Sightlines Projects #173 and #174]. |
| 4 | The current Heating, Ventilation, and Air Conditioning system was installed in 1994 and is now past its useful life of 20 years. The unit is now almost 30 years old. [Sightlines Project #1006] |
| 5 | The repainting of the USU and SRC were scheduled to be completed in 2016 and 2021 respectively. This project is important for the cosmetic upkeep of the USU and SRC to look presentable. There is no contingency for this item because the base cost already includes a 32% escalation from January 2020 to date estimated by Catherine Kniazewycz, Associate Campus Architect. [Sightlines Project #721 and #1054]. |
| 6 | The current lighting in the Northridge Center system is dim because the original system installed in 1994. The light bulbs are no longer produced by the manufacturer resulting in the purchase of off-brand, short-lived bulbs. The new lighting system would have LED fixtures and bulbs to save energy, have brighter lighting, and be in accordance with the Campus Sustainability Plan. [Sightlines Project #291] |
| 7 | This proposal is to upgrade the audio visual (AV) systems in specified meeting rooms and event spaces throughout the University Student Union (USU). In 2016, the USU received consultation from Waveguide Consulting, Inc. who provided a set of design criteria for our meeting and event spaces. They also provided recommendations on planning, design, implementation, and budget which provides documentation for this request. All rooms were categorized into a priority list. Priority was determined by the age of the equipment installed. Funds were allocated at the time to complete the first phase of the project. For Phase II, it is proposed that the meeting rooms on the first floor of the East Conference Center (last updated in 2014) and the meeting rooms in the Northridge Center (last updated in 2012) be updated. The meeting rooms in the Northridge Centers were part of Phase I but were removed due to the Heart of Campus Project which called for the demolition of the Northridge Center. Now that it appears the Northridge Center may not be demolished, the audio visual capabilities in these meeting rooms need to be upgraded. This upgrade would update the technology in the spaces aligning them with the technology in other USU meeting spaces. Instead of getting a price per room, rooms were divided into three categories based on the template design they require, Type I, II and III. Type I Rooms will receive a full system upgrade comprised of new display, video switch gear, a control interface, and audio (three Rooms). Type II - Rooms will receive a partial system upgrade comprised of new video switch gear, control interface, and audio. The existing projector and screen will be used (five Rooms) Type III - Rooms will receive a full system upgrade comprised of new display, video switch gear, control interface, camera and audio (two Rooms). Each Room Type is designed in accordance and compliance with the USU AV Standards Guide for consistency across all USU facilities to ensure a consistent experience for all guests and users and familiarity and ease of operation. |
| 8 | (1) This office furniture is for USU Sol Center: the 1st floor programming area, the entire 2nd floor administrative area covering Administration, Human Resources, Accounting and Finance, Operations, and EPL. Preliminary renderings have been created by Steelcase (the vendor) designing the space for a post-COVID, "hybrid" work and learning environment. The USU is undergoing a space utilization analysis of how workspaces are used, having proper technology in place to support hybrid work, having workspaces that properly balance interpersonal collaboration and the need for private conversations. This quote may be updated based on a Space Usage Analysis that is expected to be completed by the end of Summer 2023. (2) The purchase to replace the furniture the Reservations & Events office is create flexible and hybrid workspaces. The current office furniture is estimated to be 15 years old. The actual design layout for the furniture is to be determined. |

*The USU painting project already includes escalation in the base price so no additional contingency was added.

**Sightlines is the consulting firm that developed the USU's 30-Year Major Repair & Replacement Plan.