

**UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE
FINANCE COMMITTEE AGENDA
WEDNESDAY, MARCH 29, 2022
3:15 P.M.
USU INTERNAL CONFERENCE ROOM, SOL CENTER 2ND FLOOR**

I. Call to Order

Chair, Melissa Baghoumian called the meeting to order at 3:15 P.M.

II. Roll Call

Present	Absent	Staff/Guests
Melissa Baghoumian, Committee Chair (voting)	Debra Hammond, Executive Director (non-voting)	Alejandra Aparicio, Administration Assessment Coordinator
Junicarl Ferido, Student Committee Member (voting)	Dr. Edith Winterhalter, Associate VP for Budget & Strategic Business Ops, Administration, and Finance (voting)	Ana Dattoo, Administrative Assistant
Krish Mangukiya, Student Committee Member (voting)		Amanda Christianson, Acting Co-Director, Student Recreation Center
Joseph Illuminate, Executive Secretary (non-voting)		Christopher Jensen, Technical Coordinator
Jaelyn Jones* Student Committee Member (voting)		Vincent Mele, Assistant Director, Facilities Maintenance
David Ramirez, Student Committee Member (voting)		
Dr. Freddie Sanchez, Assistant VP, Student Affairs, Equity & Inclusion (voting) <i>(Arrived at 4:17p.m.)</i>		
German Wong Committee Co-Chair (voting)		

**Zoom video participant*

III. Approval of Agenda

M/S/P (J. Ferido /G. Wong) Motion to approve the Agenda for March 29, 2023.

Main Motion passes by General Consensus

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IV. Approval of Minutes

M/S/P (J. Ferido /G. Wong) Motion to approve the Minutes for December 6, 2022.

Main Motion passes by General Consensus

V. Chair's Report

Committee Chair M. Baghoumian welcomed all new members to their first finance committee meeting. Everyone introduced themselves to the group.

VI. Action Items

A. Second Quarter Budget Report (6&6) (2022-2023)

M/S/P (J. Ferdio /J. Jones) Motion to approve the Second Quarter Budget (6&6) (2022-23).

M. Baghoumian and G. Wong presented the Second Quarter (6&6) Budget report.

The USU does a thorough budget review every quarter. The Second Quarter Budget report is for the six-months ended December 31, 2022. The term "6&6" signifies that there are six months of actual data and six months of projected data.

Statement of Activities

The purpose of this report is to summarize the financial position of the USU as of December 31, 2022. The optimal operating range is 50% of the yearly budget although limits from 45% to 55% are acceptable.

Statement of Financial Position

The financial health of the USU is stable as of December 31, 2022. Total revenue is \$9,706,939, which represents 50.6% of the revised budget of \$19,184,174. Total expenditures are \$7,984,106, which represents 41.7% of the revised budget of \$19,146,253.

The operating range for Total Expenditures is 41.7%, which is below the lower end of the range, resulting in a significant surplus of \$1,722,833. This pattern where revenues are at the midpoint of the operating range and expenditures are below the lower end of the operating range has been typical over the last few fiscal years.

Statement of Changes in Financial Position

- Total assets are \$12,473,097 of which \$11,491,080 is cash.
- Total liabilities are \$3,422,486 of which \$2,241,283 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).

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- Total Net Assets are \$9,050,612.

Investment Summary

Total investment income is \$41,543 of which \$39,171 is from the investment in the CSU Consolidated Investment Pool. The balance of \$2,313 is from the investment in the US Treasury Cash Reserves funds at Farmers & Merchants Bank.

Unallocated Reserves

Unallocated reserves were eliminated from the budget in order to align the 22-23 Budget with the USU's Financial Plan. However, the balance in Unallocated Reserves has grown to \$443,102 as of 12/31/2022. Department managers returned unutilized funds to the USU during the 3&9 First Quarter and the 6&6 Second Quarter budget reviews.

Designed Reserves

A total of \$54,202 of Designed Reserves was transferred to the operating budget during the quarter of vacation advances and corresponding employer-paid payroll taxes. The available balance is \$304,967.

Capital Outlay

Capital Outlay purchases for 2022-23 are complete.

- The Swimming Pool Covers are expected to be delivered in March 2023.
- The Swimming Pool Vacuums have been delivered.
- The television Display Monitor for the Internal Conferences Room has been delivered.

The total budget for Capital Outlay is \$70,268. Total Expenditures for Capital Outlay were \$74,123 which is \$3,856 or 5.5% over budget of \$70,268.

Foundation Account

The USU foundation account has a cash balance of \$518,400 of which \$173,250 is unrestricted and \$345,150 is restricted.

Work Study

The USU received \$58,035 in work study payments and has expended \$3,472 which leaves a surplus of \$54,562. The actual balance available to spend is \$40,119 due to a timing difference in the payment of the \$14,443, 45% reimbursement to campus.

Motion passes 6-0-0

VII. Discussion Items

A. Capital Outlay Allocation Proposal (2023-24)

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Capital Outlay, also known as Fixed Assets, is defined as a single item with a value greater than \$5,000 that has a useful life of more than one year and can be used in a productive capacity. The Capital Outlay Allocation Proposal is separate from the Operating Budget Allocation Proposal.

The committee discusses the Capital Outlay Allocation Proposal prior to consideration for approval at a subsequent Finance Committee meeting.

A 10% contingency is added to the base cost of each item to allow for potential price increases.

The proposal contains 5 items that have a base cost of \$117,025 for the 23-24 fiscal year with a 10% contingency added. The total allocation request is \$127,727.

Some items are connected to a Sightlines project number. Sightlines is a consulting firm that was hired in 2018 to prepare a comprehensive 30-Year Major Repair & Replacement Plan for all the USU major facilities and building systems such as Heating Ventilations and Air Conditioning (HVAC), plumbing, electrical, roofing, and renovations.

The 30-Year Major Repair & Replacement Plan includes items that meet the definition of Capital Outlay and other items that meet the definition of Major Purchases Repairs & Replacements.

The purpose of the 30-Year Plan is to ensure that there are sufficient funds to pay for capital outlay or major repairs and replacements when the item is past its useful life. The USU is scheduled to update the 30-year plan in 2023-2024. Due to inflation, the cost for most projects in the plan are understated.

J. Illuminate, A. Dattoo, C. Jensen, and V. Mele presented the Capital Outlay Allocation Proposal.

The following table lists the five proposed Capital Outlay items with the corresponding justifications:

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
Capital Outlay Total							\$ 117,025	\$ 11,702	\$ 128,727

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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 administrative contingency budget.

B. Major Purchase, Repair, & Replacement Allocation Proposal (2023-24)

J. Illuminate, A. Christianson, A. Dattoo, C. Jensen, and V. Mele presented the Major Purchase, Repair, and Replacement Allocation Proposal.

The funding source for major repairs and replacements is the USU’s Repair and Replacement fund (53501) administered by the campus on behalf of the USU. Expenditures from this fund are recorded in the University’s accounting records.

The committee reviews the Major Purchases, Repairs, & Replacements Allocation Proposal prior to consideration for approval at a subsequent Finance Committee meeting. A contingency is added to the base cost of each item in order to allow for potential price increases. The proposal consists of seven items with the base cost of \$4,155,485 with an added 15% contingency to all items with the exception of item #5, the Exterior Painting of all USU Buildings. The total allocation request is \$4,448,807.

The following table lists the seven proposed Major Purchase, Repair, & Replacement items with the corresponding justifications:

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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
Major R&R Total							\$ 4,155,485	\$ 293,323	\$ 4,448,807

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. [Sightlines Project #721 and #1054].

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JUSTIFICATIONS	
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.

C. Finance Committee Member of the Year Nomination

- The Committee Member of the Year Award is presented to an outstanding committee member who has been nominated by the committee and approved by the Board of Directors.
- Each Committee Chair discusses the award with their committee.
- The committee nominates one of their members.
- At the April 2023 board meeting, each Committee Chair speaks on behalf of committee's nominee(s).

Junicarl Ferido and Jaelyn Jones were nominated as the Finance Committee nominees for the BOD Committee Member of the Year Award.

VIII. Announcements

M. Baghoumian reminded the committee that the next Finance Committee Meeting will be on April 19, 2023 at 3:15 p.m.

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IX. Adjournment

The meeting was adjourned by Chair, M. Baghoumian at 4:47 P.M.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "Joseph Illuminate".

Joseph Illuminate
Associate Director, USU Accounting & Finance