



Memorandum

To: Colin Donahue, Vice President
Administration & Finance
California State University, Northridge

CD

From: Rick Evans

Date: June 5, 2023

Subject: **THE UNIVERSITY CORPORATION 2024/2025 BUDGET**

In accordance with Title V, Section 42402 of the California Administrative Code, we are submitting for President Beck's review and approval, the operating and capital outlay budgets of The University Corporation for the 2024/2025 fiscal year. These budgets were approved by The University Corporation Board of Directors on June 4, 2024.

Please initial on the line next to your name, above, and forward to the President. President Beck should indicate her approval by signing below and returning this memorandum to me.

Thank you.

I hereby approve The University Corporation's 2024/2025 operating and capital outlay budgets.

Erika D. Beck, President
California State University, Northridge

06/11/2024

Date

/pam
att:

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The University Corporation
Research, Investments and Commercial Services
California State University, Northridge

Memorandum

TO: The University Corporation Executive Committee
FROM: Rick Evans, Executive Director 
DATE: May 2, 2024
RE: **THE UNIVERSITY CORPORATION (TUC) FISCAL YEAR 2024/25
BUDGET – EXECUTIVE SUMMARY**

Post-pandemic impacts continue to affect TUC's operations, particularly in the Food Service division. Throughout FY 23/24, the reduction in on campus foot traffic continued to be over 25% of pre-pandemic levels. As with the recent past, the Food Service division is not expected to be the significant revenue generator that it was pre-pandemic.

With regard to service and cuisine, on campus food service operations have stabilized in FY 23/24; however, Chartwells continues to face rising labor and food costs, which translates into higher prices. Residential dining services have also stabilized, and there will be a focus on enhancing meal plan options in the upcoming academic year. For FY 24/25 the Marketplace will undergo a renovation that will improve the space and provide additional food variety on campus.

The MCDA (myCSUNDigitalAccess) program continues to grow, and a focus on facilitating growth will continue. CSUN Ready is not currently planned for the 24/25 academic year; however, TUC is forming an ad hoc committee comprised of faculty senators and students in an effort to re-examine the program for a possible implementation in the future.

Research and sponsored activities continue on an upward trajectory. FY 24/25 budget is \$39,368,000, exceeding the FY 23/24 projected revenue by \$2,025,000. With that, a primary goal for FY 24/25 is for TUC to be positioned to meet the needs of Principal Investigators (PI's) in concert with the continual growth in sponsored research. As the volume of sponsored programs continues to rise, the focus redoubles on ensuring optimal performance and readiness for continued growth.

FY 24/25 will see the construction of TUC's Accessory Dwelling Units (ADUs) Phase I project, which is a strategy to increase TUC housing stock for the benefit of CSUN faculty and staff. Phase I of this strategy consists of the development of four structures: two single family residences and two ADUs on TUC's Halsted property.

TUC's balance sheet becomes stronger every year. Net assets five years ago (FY 18/19) were \$43,000,000; for FY 23/24 net assets will be \$56,000,000. Additionally, TUC holds \$30,000,000 in equity in off-campus real estate, not reflected on the balance sheet.

Fiscal Year 23/24 Budget vs. 23/24 Projection

The following table summarizes TUC’s projections for FY 23/24.

Cash generated from operations (FY 23/24)	\$2,733,000
Less: Principal payments on debt service	(865,000)
Planned capital expenditures	(200,000)
Net Cash Generated from Operations to replenish reserves	\$1,668,000
In Support of University Special Projects Reserve	(260,000)
Faculty/Staff Housing Reserve	(407,000)
FY 23/24 Projected Net Cash Generated to Replenish Other TUC Reserves	\$1,001,000

Overview of Fiscal Year 24/25 Budget

The following table is a high-level summary of the proposed FY 24/25 budget. The anticipated Net Cash Generated to Replenish Other Reserves is budgeted to be a surplus of \$1,052,000.

Cash generated from operations	\$2,839,000
Less: Principal payments on debt service	(885,000)
Planned capital expenditures	(200,000)
Net Cash Generated from Operations to replenish reserves	\$1,754,000
In Support of University Special Project Reserve	(260,000)
Faculty/Staff Housing Reserve	(442,000)
FY 24/25 Net Cash Generated to Replenish Other TUC Reserves	\$1,052,000

Major Assumptions for FY 24/25 Budget:

- 1) Foot traffic on campus is expected to remain approximately 25% lower than pre-pandemic levels.
- 2) The guaranteed minimum commission budgeted for FY 24/25 is \$622,000, which is \$81,000 less than the FY 23/24 guaranteed minimum commission of \$703,000.
- 3) The recovered IDC retained by TUC is expected to increase by \$451,000 from the FY 23/24 due to growth in research and sponsored projects activities in FY 24/25.
- 4) From a financial perspective, the Real Estate Division continues to become stronger; however, providing an adequate supply of affordable transitional housing will be an increasing challenge.
- 5) General salary increase (GSI). A GSI of 4.5% is budgeted, resulting in an overall expense of \$128,000.
- 6) No additional positions are added from the prior year’s budget; however, other payroll increases, adjustments, and associated benefits; as well as increased benefit rates, results in the total payroll/benefits budget increases by \$227,000 over FY 23/24 budget.

Major Items for FY 24/25

Payroll and Benefits - For TUC as a whole, there is a net payroll & benefits increase of \$355,000 from FY 23/24 budget compared to the FY 24/25 budget (items #5 and #6 in the above major assumptions). This is the case despite the fact that there are no additional professional full time equivalent (FTE) employees budgeted for FY 24/25.

There are three areas within payroll and benefits which contribute to these increases:

- General Salary Increase (GSI) of 4.5%;
- Other payroll increases, adjustments, and associated benefits; and
- Increase in benefit rates, from an average of 28% for most professional employees to 32%.

The 4.5% GSI accounts for approximately \$128,000. \$107,000 in payroll and \$21,000 in associated benefit increases. The 4.5% GSI is necessary to retain employees and provide an increase somewhat commensurate with prior year's inflation.

Several factors account for \$116,000 related to other payroll increases, adjustments, and associated benefits. First, on January 1, 2024, there was an increase in the minimum wage for exempt employees. Additionally, there were four positions that transitioned from non-exempt to exempt status. Moreover, throughout FY 23/24, several reallocations of both payroll and benefits occurred in response to staff and management reassignments aimed at addressing staffing needs and retention. Finally, additional student employees were brought on to supplement professional staff.

Lastly, a significant change to benefit rates results in a cost of \$111,000. The average benefit rate in FY 23/24 was approximately 28% for most professional staff, but will increase to 32%. TUC analyzes the rates annually, and as insurance and other benefit costs increase, so do the benefit rates. The primary factor driving this increase is the eligibility of six employees for TUC's retirement benefits in FY 24/25.

Food Services – The Food Services Division contracts with Chartwells Higher Education Group (CHE) to operate all campus food services for the fourth year. It is estimated that about 2,800 students (roughly 90% of a traditional year) will reside in Student Housing in the fall semester. TUC forecasts 1,400 meal plan participants. On the main campus, it is assumed that enrollment and foot traffic will be similar to FY 23/24; remaining over 25% reduction in foot traffic on campus from the last steady-state year.

For FY 24/25, the Marketplace will undergo a significant renovation that will improve the space and add to the variety of food available on campus. The Marketplace has not had a significant refresh since 2003. The project will be funded by an allocation of \$1.4 million from the Chartwells capital budget.

Prior to design, survey results pointed to the following cuisine: Mexican fare, pizza, sushi, bowls and Mediterranean cuisine. Each area is branded as follows:

- Pueblo - Mexican fare to include salads, tacos and burritos
- Wild Blue - Featuring sushi, custom made bowls, and boba
- Halal Shack - Which combines Middle Eastern and Mediterranean flavors.
- Baba's Pizza – Artisan style pizza

Two additional areas of the Marketplace will also be refreshed. One of the second-floor restrooms will be converted into a gender inclusive restroom. Additionally, the second-floor seating area will be re-carpeted.

The cross-divisional Food Service Advisory Committee continues to meet at least twice per semester. The committee is comprised of TUC and Chartwells leadership, student leaders with Associated Students (AS), the University Student Union (USU) and Student Housing, as well as having representation from faculty, staff, and CSUN administration. The ongoing discussions are helpful in making operational improvements.

Beginning April 1, the new AB 1228 law increased the minimum wage for hourly food service workers -- of national fast-food chains -- to \$20 per hour. At CSUN, this will be applicable to Subway, El Pollo Loco, Panda Express, and Shake Smart. This results in price increases at those units of as much as 8% on top of the continual inflation increases of recent years.

The Orchard Conference Center (OCC) catering program continues to be challenged with employee turnover, consistent service, customer communication, and quality of event execution. With that, in the coming months TUC will be undertaking a significant analysis and focus on options to provide solutions to improve the catering program.

The FY 24/25 revenue for the Food Services division is estimated at \$6 million with an operational deficit of (\$97,000) which is very close to the FY 23/24 projection. After adding back the non-cash depreciation expense, net surplus for Food Service is \$1,069,000.

CSUN Campus Store – FY 23/24 commission revenue is calculated based on 95% of the prior year’s actual commissionable sales. Since commissionable sales for FY 23/24 is expected to be less than the guaranteed minimum commission for FY 23/24, TUC will therefore again invoke its guarantee minimum commission. The FY 23/24 projection is \$903,000, which includes \$703,000 in minimum guarantee commission revenue plus the \$200,000 amortization payment.

TUC management spent the majority of the year planning to implement “CSUN Ready: Affordable Course Materials for Undergraduates.” Although several presentations and Q&A sessions occurred over the last year, based on current feedback, further campus community discussion and dialog is necessary before, and if, CSUN Ready will be implemented. Unfortunately, CSUN Ready is not currently planned for the 24/25 academic year.

FY 24/25 Budget. Prior year (FY 23/24) actual commissionable sales are projected to be \$655,000. Therefore, the guaranteed minimum commission budgeted is \$622,000, which is \$81,000 lower than the guaranteed minimum for FY 23/24.

In the coming year, the focus on Access programs will continue, which includes continuing to grow the current MyCSUNDigital Access (MCDA) program, and continuing discussions regarding CSUN Ready. The ongoing pursuit of affordability, increased retention, and positively impacting the equity gap are important pillars of these programs.

Research and Sponsored Programs (RSP) – As sponsored research continues to grow, increasingly it has also become a most critical function of TUC’s services. A primary objective in FY 24/25 and beyond is to position TUC optimally to accommodate the anticipated growth in CSUN's sponsored research activity. TUC remains committed to PRO-PI initiatives and system enhancements, maintaining its focus on supporting sponsored research endeavors to meet CSUN's expected and ongoing growth in sponsored research.

RSP projects FY 23/24 grants revenue of \$37,343,000, and during the same period, the total awarded amount for research and sponsored programs exceeds \$40 million, with the anticipation that its impact on post-award expenditures will become evident in the upcoming months leading into FY 24/25. Additionally, the increase in the Federal negotiated indirect cost rate in November 2021 continues to positively impact the growth of the recovered indirect cost total, projected to be 21% of total direct costs for FY 23/24.

RSP activities are on an upward trajectory. FY 24/25 budget is \$39,368,000; a 5% increase compared to the FY 23/24 projection.

In FY 23/24, the projected Indirect Cost (IDC) recovery return to Academic Affairs stands at \$3,244,000, with an anticipated increase to \$3,695,000 in FY 24/25. It should be noted that increasingly the campus needs to address the costs of space utilization related to research, which are allowable IDC expenses.

Similarly, the IDC retained by TUC for FY 23/24 amounts to \$3,244,000, covering all operational expenditures related to post-award administration (RSP, Administration, Accounting, Human Resources, and Information Technology) as well as the management of large grant program funds. The IDC return to TUC for FY 24/25 is expected to reach \$3,695,000.

University Licensing – The FY 23/24 licensing management fee budget of \$140,000 is projected to be achieved. Filming opportunities began to return as the industry strikes came to an end. Summer conference groups residing in Student Housing are expected to reach capacity which translates into additional campus facility rentals. A contract with DISH has been added to the cell site portfolio, and a result of these additions, the FY 24/25 management fee increases to \$156,000.

Real Estate – In FY 23/24, TUC purchased one additional single-family home + ADU with funds from the Real Estate Reserve.

In fiscal year 23/24, TUC was granted public school exemption for College Court Townhomes, which results in a significant decrease in the property tax amount of over \$60,000. This exemption will apply to the fiscal year 24/25 as well as expected additional exemptions for single-family homes. TUC is now looking forward to a similar exemption status for property taxes for its single-family homes in the coming fiscal year.

In 2023, the City of Los Angeles implemented the “Just Cause for Eviction” ordinance that severely restricts a landlord's ability to terminate no-fault tenancies. TUC's program aims to provide transitional housing (not permanent housing). The absence of occupancy limits in the tenants' leases hinders TUC's primary leverage to maintain its housing as transitional. As a result of this LA City ordinance, TUC cannot continue to put occupancy time limits in its tenant leases; it leaves TUC in a problematic situation regarding the duration of the maximum lease termination housing policy. As a result, the new policy is:

1. **Holdover Tenants.** Tenants beyond their original lease termination will have their rent increased closer to market, within the percentage increase parameters allowed by the City. After this increase, TUC's subsidy average range for holdover tenants is still on average 15% below market.
2. **Non-holdover Tenants:** Tenants who are not yet beyond their original lease termination. For non-holdover tenants in FY 24/25, a four-and-a-half (4.5%) percent increase in rents is budgeted, which is commensurate to area market increases. After this increase, TUC's subsidy average range is still on average 15% below market.

FY 24/25 will see the construction of TUC's first phase Accessory Dwelling Units (ADUs) as a strategy to increase TUC housing stock for the benefit of CSUN faculty and staff. Phase I of this strategy consists of the development of four structures: two single family residences and two ADUs on TUC's Halsted property.

OPERATING BUDGET

Fiscal Year 24/25



The University Corporation

Research, Investments and Commercial Services
California State University, Northridge

CONTENTS

Budgeted Net Cash Generated	1
Balance Sheet	2
Reserves	6
Division Budgets	12
Consolidated Budget Report.....	14
General and Administrative.....	15
CSUN Campus Store.....	18
Food Services	21
Real Estate	25
Sponsored Programs.....	28
Capital Budget	31

**The University Corporation
FY 24/25 Budgeted Net Cash Generated**

	FY 22/23	FY 23/24		FY 24/25	
	Actual FY 22/23	Budget FY 23/24	Projected FY 23/24	Budget FY 24/25	24/25 Budget vs. 23/24 Projection
Surplus/(deficit) by operating unit:					
CSUN Campus Store	964,970	852,509	\$ 788,334	\$ 698,345	(89,989)
Food Services	(330,919)	(15,525)	(94,768)	(96,583)	(1,815)
Real Estate	438,076	409,307	517,833	643,531	125,699
General & Administrative (operational exp)	(2,501,144)	(2,572,375)	(2,452,166)	(2,622,375)	(170,209)
Post-Retirement accural exp	102,078	(100,000)	(100,000)	(100,000)	-
Post-Award Operation	(781,954)	(1,042,678)	(1,048,762)	(1,253,790)	(205,028)
TUC's 50% Indirect Cost Recovery (IDC)	3,160,983	3,344,165	3,244,265	3,694,738	450,474
IDC net of G&A and RSP	(20,037)	(370,887)	(356,664)	(281,427)	75,237
Total surplus from operations	1,052,090	875,404	854,735	963,866	109,132
Add back: Non-Cash Depreciation/Amortization					
Depreciation expense	1,888,628	1,889,997	1,874,179	1,866,084	(8,094)
Bonds/Captial Leases Premium Amortization	(95,867)	(95,867)	(95,867)	(91,208)	4,659
Post-Retirement	(102,078)	100,000	100,000	100,000	-
Cash generated from operations	2,742,774	2,769,535	2,733,046	2,838,743	105,697
Less: Cash Reductions/ Encumbrance:					
Debt Principal Repayment	(785,000)	(865,000)	(865,000)	(885,000)	(20,000)
Capital outlay (Non reserve related)	(233,063)	(200,000)	(200,000)	(200,000)	0
Total Cash Reductions	(1,018,063)	(1,065,000)	(1,065,000)	(1,085,000)	(20,000)
Net Cash Generated to Replenish Reserves	1,724,711	1,704,535	1,668,046	1,753,743	85,697
Special Reserve for University Support	(780,401)	(741,692)	(667,219)	(701,497)	(34,279)
- University Special Project Reserve	(260,000)	(260,000)	(260,000)	(260,000)	-
- Faculty Staff Housing Reserve	(520,401)	(481,692)	(407,219)	(441,497)	(34,279)
Net Cash Generated to replenish other TUC reserves	944,310	\$ 962,843	\$ 1,000,828	\$ 1,052,246	51,418

The University Corporation

Balance Sheet
Estimated as of June 30, 2024

BALANCE SHEET

Estimated for June 30, 2024 & June 30, 2025

The balance sheet is a statement that summarizes a company's assets, liabilities, and equity (or net assets) at a specific point in time. The three balance sheet segments, 6/30/23, 6/30/24, and 6/30/25, provide a snapshot of the financial position of the Corporation as to how operations affect the value of the corporation, the nature of its assets and liabilities, and the type and depth of the "net assets," aka 'retained earnings' in a for-profit environment.

The projected balance sheet on 6/30/24 reflects the impact of FY 23/24 operations and is compared to the 6/30/23 balance sheet. The balance sheet for 6/30/25 estimates the impact of the proposed FY 24/25 budget and is compared to the 6/30/24 balance sheet. Below are some of the highlights of the significant changes.

Significant Changes for Estimated Year Ending 6/30/24

FY 23/24 operations will result in an increase of \$1,692,000 in total assets from 6/30/23. The stock market performed very well in 2023 and in this year thus far. The S&P 500 index increased 24.31% more than twice the long-run average return on U.S. large-cap stocks, which have greatly improved the performance of TUC's investment portfolios. As of March 31, 2024, TUC's investment has increased significantly with the dividends, interest and realized gains received, and the unrealized market gains.

Footnotes for Significant Changes, compared to the end of FY 22/23

Assets:

1. When combining cash and cash equivalents, short-term investments, and long-term investments, the total for FY 23/24 is higher than the prior year by \$1,120,000. In addition to the operational surplus form FY 23/24 which includes higher revenues from research and sponsored programs, the investment gains also contribute to these increases. The \$1,626,000 decrease in cash & cash equivalent results from the acquisition of a new house and the funding of the ADU (Accessory Dwelling Unit) phase I project and the reallocation of cash equivalents to U.S. government bonds in the short-term investment. Finally, TUC's long-term investment in the Public Safety building expired in FY 23/24. The annual repayment from this was \$602,000.

	6/30/2023	6/30/2024	Inc/(Dec)
Cash and Cash Equivalents	\$ 6,874,000	\$ 5,248,000	\$ (1,626,000)
Short-Term Investments	8,430,000	9,675,000	1,245,000
Long-Term Investments	29,910,000	31,412,000	1,502,000
Cash & Investments	\$ 45,214,000	\$ 46,335,000	\$ 1,120,000

2. Net Fixed Assets increase by \$212,000; one new house with an ADU purchased, ADU Phase I project, and the additional capital assets added to the increase in gross fixed assets of \$2,029,000, offset by the yearly depreciation expense of \$1,817,000.

Liabilities:

3. Long Term Debt is lower by \$1,053,000 resulting from the yearly debt service payments on the System-Wide Revenue Bonds (SRB) and Capital Lease Obligations.

Footnotes for Significant Changes from 6/30/24 to 6/30/25

The balance sheet for 6/30/25 reflects the results of the FY 24/25 budget on TUC’s 6/30/25 financial position. FY 24/25 budget assumes increased grants and contracts revenue for the year as well as the construction of the ADU Phase I project. **FY 24/25 operations result in an increase of \$1,234,000 in total assets from 6/30/24.**

Categories with significant changes are summarized below.

Assets:

- When combining cash and cash equivalents, short-term investments, and long-term investments, the total for FY 24/25 is higher than the prior year by \$403,000.** Typically, the budget includes no investment gains/losses, other than conservative dividends and interest income. The \$870,000 decrease in cash is due to the construction of the ADU (Accessory Dwelling Unit) phase I project.

	6/30/2024	6/30/2025	Inc/(Dec)
Cash & cash Equivalent	\$ 5,248,000	\$ 4,378,000	\$ (870,000)
Short-term investment	9,675,000	9,775,000	\$ 100,000
Long-term investment	31,412,000	32,585,000	\$ 1,173,000
Cash& investment	\$ 46,335,000	\$ 46,738,000	\$ 403,000

- Accounts Receivable and Accounts Receivable for Grants and Contracts (G&C) will be higher by \$100,000 and \$300,000 respectively.** These increases are due to the higher research and sponsored programs activities for FY 24/25.
- Net Fixed Assets increase by \$284,000** from prior year, due to \$1,900,000 in construction costs for the ADU Phase I project; and the budgeted \$200,000 for capital projects. These are offset by the yearly depreciation expense of \$1,866,000

Liabilities:

- Deposits Held will be decreased by \$396,000** due to the Medtronic Funds distribution as well as the Agency funds account being moved to the State Trust on campus side.
- Deferred Revenue is lower compared to the prior year by \$300,000,** largely from the amortization of Follett’s one-time payment (\$200,000/year), the Chartwells’ sign-on bonus (\$77,000/year), and the residual deferred rent revenue associated with Extended Learning College (\$17,000/year).
- Long Term Debt is lower by \$929,000** due to debt service payments on System-Wide Revenue Bonds (SRB) and Capital Lease.

The University Corporation
Balance Sheet
Periods ending June 30, 2023, 2024 & 2025

	Actual	Projected	FY 23/24	Notes for comments	Budgeted	FY 24/25	Notes for comments
	Balance @ 6/30/2023	Balance @ 6/30/2024	v.s. prior yr Inc (Dec)		Balance @ 6/30/2025	v.s. prior yr Inc (Dec)	
Assets							
Cash and Cash Equivalents	\$ 6,873,744	\$ 5,248,111	\$ (1,625,633)	(1)	\$ 4,378,047	\$ (870,064)	(4)
Short-Term Investments	8,429,555	9,675,345	1,245,790	(1)	9,775,345	100,000	(4)
Accounts Receivable	884,505	1,055,590	171,085		1,155,590	100,000	(5)
A/R Grants & Contracts	9,897,970	10,091,758	193,788		10,538,468	446,710	(5)
Prepaid Expenses	167,663	160,668	(6,995)		160,668	0	
Long-Term Investments	29,909,841	31,411,707	1,501,866	(1)	32,585,137	1,173,430	(4)
Fixed Assets:							
Gross Fixed Assets	55,301,140	57,330,595	2,029,455		59,480,595	2,150,000	
Accumulated Depreciation	(33,793,239)	(35,610,397)	(1,817,158)		(37,476,481)	(1,866,084)	
Net Fixed Assets	21,507,902	21,720,198	212,297	(2)	22,004,114	283,916	(6)
Total Assets	77,671,179	79,363,377	1,692,199		80,597,369	1,233,991	
Liabilities							
Accounts Payable	2,889,816	2,979,172	89,356		3,004,172	25,000	
Accrued Liabilities	4,115,650	4,206,769	91,119		4,236,769	30,000	
Deposits Held in Custody for Others	5,366,592	5,525,946	159,354		5,130,398	(395,548)	(7)
Deferred Revenue	4,255,748	4,033,316	(222,432)		3,733,431	(299,885)	(8)
Long Term Debts	7,493,001	6,440,235	(1,052,765)	(3)	5,510,926	(929,310)	(9)
Total Liabilities	24,120,807	23,185,439	(935,368)		21,615,697	(1,569,742)	
Net Assets							
Unrestricted	44,696,974	49,689,579	4,992,605		52,317,145	2,627,566	
Permanently restricted	3,860,793	3,860,793	0		3,860,793	0	
Current year surplus/(loss)	4,992,605	2,627,566	(2,365,039)		2,803,734	176,168	
Total Net Assets	53,550,373	56,177,939	2,627,566		58,981,672	2,803,734	
Total Liabilities & Net Assets	\$ 77,671,179	\$ 79,363,377	\$ 1,692,199		\$ 80,597,369	\$ 1,233,991	

*Note 1 & 4	6/30/2023	6/30/2024	Inc/(Dec)
Cash and Cash Equivalents	\$ 6,873,744	\$ 5,248,111	\$ (1,625,633)
Short-Term Investments	8,429,555	9,675,345	1,245,790
Long-Term Investments	29,909,841	31,411,707	1,501,866
Cash & Investments	\$ 45,213,140	\$ 46,335,163	\$ 1,122,023

	6/30/2025	Inc/(Dec)
	\$ 4,378,047	\$ (870,064)
	9,775,345	100,000
	32,585,137	1,173,430
	46,738,529	403,366

The University Corporation

Statement of Reserves Estimated as of June 30, 2024

STATEMENT OF RESERVES

Estimated for June 30, 2024, and June 30, 2025

In financial accounting, a reserve is part of a shareholder's equity. TUC refers to it as a "Net Asset." A reserve is often set up for a particular purpose. TUC categorizes its reserves first by funding source and then sets up various reserves for specific purposes – such as purchasing real estate property, setting aside funds for major repairs and maintenance, or renovation of facilities. The undesignated reserve is an unrestricted fund available to sustain unexpected overrun of TUC's operation as well as preserve the investment gain and the potential risk of any loss resulting from the fluctuation of the stock markets.

The Statement of Net Asset Reserves lists various reserve accounts set up over time to ensure business continuity, for major upkeep and improvement of facilities, for unexpected major costs that may arise, for strategic purchases of real estate, for the build-out of certain mission-driven facilities, and for setting aside purpose-specific funds in support of the university's mission. Every budget year, TUC carefully reviews and monitors the needs of the company related to these funds and invests the money in long-term or short-term securities as part of the investment portfolio, abided by TUC's investment policy. The majority of the Net Cash Generated from operations is to replenish these reserves.

FY 23/24 Projection

Total reserve balance at the beginning of FY 23/24 totaled \$26,288,000 and is projected to increase by \$407,000 by end the fiscal year to \$26,695,000.

During FY23/24, TUC's operation will generate the net cash balance of \$1,001,000 to replenish operational reserves; all to be applied to the Real Estate Investment Fund Reserve. Additionally, there will be \$1,480,000 investment gains (including unrealized market gains) to the undesignated general reserve, \$260,000 to the University Special Projects, and an additional of \$407,000 added to the faculty and staff housing reserve.

These increases are offset by the purchase of a new house (\$1,612,000 – Real Estate Investment Fund Reserve), the pre-development expense of the ADU (Accessory Dwelling Unit) Phase I project (\$300,000 – Faculty/Staff Housing Reserve TUC), expected expenditure on University Special Projects (\$846,000) and other repair and renovation expenses.

- I. \$5,465,000 end of fiscal year operational reserves include:
 - A. \$3,000,000 baseline reserve as required by the Chancellor's Office Executive Orders and approved by the Board of Directors in TUC's reserves policy.
 - B. \$1,123,000 real estate reserves for strategic purchases of real estate, for the construction or purchase of new faculty and staff housings and major repairs and renovations of the existing properties.
 - C. \$600,000 facilities-related reserve; for major upkeep and improvement of facilities.
 - D. \$45,000 Orchard Conference Center reserve,
 - E. \$697,000 repair and replacement reserve for the Reseda Annex Building.
- II. \$8,744,000 is the undesignated General Reserve, which largely pertains to the realized and unrealized gain/(loss) from TUC's investment portfolios, both long-term and short-term.
- III. \$5,873,000 is the Research and Sponsored Programs (RSP) reserves funded by RSP's Indirect Cost Recovery Fund.

- IV. \$6,612,000 is the Special Reserves, funded in part by TUC contributing 40% of its yearly net cash generated.
- a. \$5,200,000 is the University Special Project reserve which includes \$260,000 per year of TUC's contribution.
 - b. \$1,412,000 is the Faculty & Staff Housing reserve. This reserve is the primary funding source to fund the phase I of the ADU project on TUC's Halstead properties. It is funded by the balance of the 40% of TUC's net cash generated, after contributing \$260,000 into the University Special Project reserve.

These reserves are reviewed at least annually and adjusted to the desired level of funds needed for a particular purpose. Reserves may be added or replenished with the net cash generated from the operation during the yearly budget cycle.

FY 24/25 Budget

At the beginning of FY 24/25, the reserve balance will be \$26,695,000, and the ending balance at June 30, 2025 is projected to be \$27,491,000, an increase of \$796,000.

Net cash generated to operational reserves	\$1,052,000
Faculty & staff housing reserve	\$442,000
Investment gains in undesignated general reserve	\$413,000
RSP reserves	\$133,000
University special project reserve	\$726,000
Total additions	\$2,766,000
ADU project (development & construction costs)	(\$1,900,000)
Major repairs & renovations on the existing properties	(\$70,000)
Net Change	\$796,000

Reserves Funded by TUC Operations:

A) Required by Education Code

1. Current Operations Reserve. Provides contingency funding for unforeseen events. The Board approved \$600,000 for this reserve, approximately three months' General & Administrative expenditures.
2. Working Capital Reserve. Provides emergency funds for operational commitments as needed, including receivables financing for grants and contracts billed in arrears. The Board approved a reserve balance of \$2,000,000.
3. Unplanned Capital Replacement Reserve. Covers the largest system failure that might occur outside the normal, annual capital budget. The Board approved \$400,000 for this reserve.

B) Real Estate-Related Reserves

1. Real Estate Investment Fund Reserve. Established to purchase real property for the university's strategic needs. In FY24/25, it is expected to use \$488,000 from this reserve to fund the ADU Phase I project. With the additional funding of \$965,000 from FY24/25 net cash generated, this reserve will be fully funded at the end of FY 24/25 at \$1,500,000.
2. Real Estate Repairs & Maintenance Reserve. Established for unforeseen major repairs and maintenance related to TUC's housing program. With the additional funding of \$58,000, the balance at the end of FY24/25 is \$148,000.

C) Facilities Reserves

1. Sierra Center Building Reserve. Established for major repairs and renovations to the Sierra Center building, this reserve is projected \$200,000.
2. Arbor Court Building Reserve. Established for major repairs and renovations to the Arbor Court building with a target balance of \$100,000.
3. The Campus Store Complex (CSC) Reserve. At the end of FY 24/25, the Building Reserve is at \$100,000 and Roof Replacement Reserve balance at \$200,000.

D) Food Services Reserve

1. Orchard Conference Center (OCC). The reserve balance at the beginning of FY 24/25 was \$45,000, this project is completed with a remaining \$25,000 in the reserve.

E) Reseda Annex Replacement Reserve. The Reseda Annex building was purchased in June 2016 and renovated in FY 16/17 and FY 17/18. To ensure sufficient funds for major repair and replacement in the future, a special building reserve was established. This reserve is \$687,000.

Reserves Funded by Indirect Cost Recovery (IDC) Fund:

- A) **RSP Reserve for IDC Net Available.** This reserve covers indirect costs associated with grants and contracts, such as release time and funds set aside under the Large Grant Release Time Program and some research facility maintenance fees.
- B) **RSP Reserve for Disallowances.** This reserve covers disallowed costs, as well as extraordinary, irregular, or unbudgeted sponsored programs administration costs. The recommended reserve balance is 2.5% of the proceeding three-year revenue average. \$68,000 will be added to the reserve to bring the balance to \$947,000 at FY 24/25.

Special Reserve:

- A) ***In Support of University Special Projects.*** At the end of FY 24/25, the University Special Project reserve will be \$5,927,000 which includes the annual \$260,000 contribution from TUC.
- B) **Faculty & Staff Housing Reserve.** At the end of FY 24/25, the Faculty & Staff Housing reserve will be \$442,000. This reserve is the primary funding source to fund the ADU project Phase I. During FY24/25, this reserve will be fully expended; however, at year-end FY 24/25 funding generated from the TUC's FY 24/25 operations will be added to the reserve in the amount of \$442,000.

The University Corporation
Schedule of Reserves
FY 24/25 Projection & FY 24/25 Budget

Description	FY 23/24 Actual/Projection				FY 24/25 Budget		
	Adjusted Balance @7/1/2023	FY 23/24 full year activities	Allocation of FY23/24 net cash generated	Projected Balance @ 6/30/2024	FY 24/25 full year activities	Allocation of FY24/25 net cash generated	Projected Balance @ 6/30/2025
I) Funded by TUC's Net Cash Generated							
<i>A) Reserves Required by Education Code:</i>							
Operations reserve (Board established level)	600,000	0		600,000			600,000
Working Capital reserve(Board established level)	2,000,000	0		2,000,000			2,000,000
Unplanned Capital Replacement reserve (Board established level)	400,000	0		400,000			400,000
Total EO/BOD designated Reserves	\$ 3,000,000			\$ 3,000,000			\$ 3,000,000
<i>B) Real Estates Reserve</i>							
Real Estate Investment Fund Reserve	1,634,046	(1,611,648)	1,000,828	1,023,226	(487,826)	964,600	1,500,000
Major Repairs & Maintenance Reserve	105,796	(5,796)		100,000	(10,000)	57,646	147,646
Total Real Estates Reserve	\$ 1,739,841	(1,617,444)	1,000,828	\$ 1,123,225	(497,826)	1,022,246	\$ 1,647,645
<i>C) Facilities Reserve</i>							
Reserve for Sierra Center Building	200,000	0	0	200,000	(10,000)	10,000	200,000
Reserve for Arbor Court Building	100,000	0		100,000	(10,000)	10,000	100,000
Reserve for Campus Store Complex	100,000	0	0	100,000	(10,000)	10,000	100,000
Reserve for Campus Store Complex - Roof	200,000	0		200,000			200,000
Total Facilities Related Reserve	\$ 600,000	0	0	\$ 600,000	(30,000)	30,000	\$ 600,000
<i>D) Food Services Reserve</i>							
Orchard Conference Center (OCC)	83,195	(38,120)		45,076	(20,000)		25,076
Total Food Services Reserve	\$ 83,195	(38,120)	0	\$ 45,076	(20,000)	0	\$ 25,076
<i>E) Replacement Reserve for the Reseda Annex Building</i>							
	\$ 645,341	51,506		\$ 696,847	(10,000)		\$ 686,847
Net cash generated from Operation to replenish reserves :							
From (23/24 projection) operation -Net Cash generated		1,000,828					
From (24/25 budget) operation -Net Cash Generated					\$ 1,052,246		
Net cash allocated to replenish reserves	\$ -		(1,000,828)			(1,052,246)	
Total TUC Operational Reserves (w/o special reserves)	\$ 6,068,378	\$ (1,604,058)	\$ 1,000,828	\$ 5,465,148	\$ (557,826)	\$ 1,052,246	\$ 5,959,568
II) Undesignated General Reserve							
- Accumulated from Long term Investment earnings	6,925,070	1,253,838		8,178,908	348,923		8,527,830
- Accumulated from Short Term Investment earnings	338,583	226,569		565,153	63,939		629,092
Total Undesignated General Reserves from Investment gain (loss)	\$ 7,263,653	1,480,407		\$ 8,744,060	412,862		\$ 9,156,922
III) Reserves funded by RSP programs:							
RSP Reserve for IDC net available	5,060,793	11,879	(83,420)	4,989,251	138,317	(68,021)	5,059,547
RSP Reserve for Disallowances	803,950	(3,289)	83,420	884,081	(5,000)	68,021	947,102
Total Sponsored Program Reserves	\$ 5,864,742	8,590	0	\$ 5,873,332	133,317	0	\$ 6,006,649
IV) Special Reserves:							
In Support of the University Special Projects	5,785,943	(845,669)	260,000	5,200,274	726,287		5,926,561
Faculty & Staff Housing Reserve TUC	1,304,956	(300,000)	407,219	1,412,174	(1,412,174)	441,497	441,497
Total In- Support of University Projects	\$ 7,090,899	\$ (1,145,669)	667,219	6,612,448	(685,887)	0	\$ 6,368,059
GRAND TOTAL	\$ 26,287,673	(1,260,730)	1,668,046	\$ 26,694,989	(697,534)	1,052,246	\$ 27,491,198
			Increase from 7/1/23	\$ 407,317		Increase from 6/30/24	\$ 796,209
Faculty & Staff Housing Reserves:							
Faculty & Staff Housing Reserve (TUC)	\$ 1,304,956	\$ (300,000)	407,219	\$ 1,412,174	\$ (1,412,174)	\$ 441,497	\$ 441,497
Faculty & Staff Housing Reserve (NCDC)	1,000,000	500,000		1,500,000	500,000		2,000,000
Combined Total	\$ 2,304,956	\$ 200,000		\$ 2,912,174	\$ (912,174)		\$ 2,441,497

The University Corporation

Division Budgets

CONSOLIDATED BUDGET REPORT OF ALL DIVISIONS

Following is a summary spreadsheet detailing the operating budgets of all TUC divisions, including:

- General and Administrative
- CSUN Campus Store
- Food Services
- Real Estate
- Sponsored Programs

Following the Consolidated Budget Report are the individual division budgets and accompanying narratives.

GENERAL AND ADMINISTRATIVE (G&A)

There are six departments in the G&A Division: Executive, Accounting, Human Resources, Campus Store Complex (CSC), Sierra Center, and Arbor Court. Other than the food operations, KCSN radio station and the College of Social & Behavioral Sciences occupy spaces in the Campus Store Complex, and their rents are paid by CSUN Central Finance. The budget for the CSC operation includes all facilities-related expenses and rental revenue received from CSUN, the College of Extended Learning, Premier America Credit Union Retail Branch, and common area maintenance reimbursement from Panda Express and El Pollo Loco. The other revenue sources for this division are the licensing management fees, as well as endowment and agency administration fees.

Fiscal Year 23/24 Projection:

	23/24 Budget	23/24 Projected	Variance
Operating expense: <i>(w/o post-retirement medical)</i>	\$3,528,000	\$3,436,000	\$92,000
Revenue:	956,000	984,000	28,000
Net G&A surplus:	(2,572,000)	(2,452,000)	120,000

For FY 23/24, the G&A net surplus reflects an improvement of \$120,000 from budget as a result of overall expense category savings and revenue increases.

The major factors contributing to the G&A surplus include savings in payroll and benefits -- predominantly due to vacant positions -- plus an increase in other income. Additional savings in other expense categories offset increased professional services and insurance costs, as summarized below.

- \$133,000 Savings in payroll & benefits.
- \$28,000 Increased other income due to increased licensing & agency fund activities.
- (\$26,000) Increased insurance costs due to a one time assessment to restore auxiliary risk management pooled fund balance.
- (\$18,000) Increased professional services from CSUN MOUs and payroll costs.
- \$16,000 Savings in utilities.
- \$16,000 Savings in building/custodial. Contracted support was replaced with staff custodian.

Fiscal Year 24/25 Budget:

A primary goal for FY 24/25, continues to be positioning G&A as best as possible to meet the needs of continued growth in CSUN's sponsored research activity. The resulting net G&A cost of \$2,623,000, more closely approaches pre-pandemic level costs for this division, but is still less than the FY 18/19 actual cost of \$2,951,000 (the last steady state year prior to the pandemic).

	23/24	24/25	Variance
	Projected	Budget	
Operating expense: (w/o post-retirement medical)	\$3,436,000	\$3,560,000	(124,000)
Income:	984,000	937,000	(47,000)
Net G&A surplus/(deficit):	(2,452,000)	(2,623,000)	(171,000)

The increase in G&A net expenses of \$171,000, reflects a combination of increased expense categories; however, sustaining the G&A team to support a primary function of Research and Sponsored Programs for TUC is the main variable in this increase. Expenses are partially offset by savings in repairs and maintenance, interest expense, and building/custodial costs. The highlights are detailed below.

- (\$175,000) Includes a 4.5% general salary increase (GSI) of \$78,000, staffing changes which totals \$49,000 and finally this section includes the new benefit rate increase from the average of 28% for most professional staff to 32%, at a cost of \$47,000.
- (\$47,000) Decrease in other income, primarily due to the completion of the Extended Learning facility amortization of deferred revenue in the Campus Store Complex.
- \$44,000 Savings in repairs and maintenance, as most equipment has either been repaired or replaced in the last two years.
- (\$35,000) Increased professional services, which is a combination of ADP and campus administrative MOU increases.
- \$26,000 Savings in depreciation due to the completion of the CFS (Common Financial System) project.
- \$20,000 Savings in interest expense.
- \$17,000 Savings in building/custodial cost.

**The University Corporation
FY 24/25 Budget Summary**

Dept Name =

Dept Number =

SUMMARY OF ALL ADMIN DEPARTMENTS

	Budget FY 23/24	Projection FY 23/24	BUDGET FY 24/25	Change fr 23/24 Projected	Actual FY 22/23
Net Sales	-	-	-	-	0
Cost of Goods Sold	-	-	-	-	-
<i>Cost of goods sold %</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>
Gross Margin	0	0	0	0	0
Operating Expenses					
Payroll Costs	1,591,876	1,471,633	1,564,816	(93,183)	1,370,950
Benefits	418,500	405,950	487,692	(81,742)	393,668
Total Payroll & Benefits	2,010,376	1,877,583	2,052,508	(174,925)	1,764,617
<i>Total Payroll & Benefits %</i>	<i>0</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>
Temporary Help	-	-	-	-	-
Grants & Contracts Exp	-	-	-	-	-
Bad Debts	-	-	-	-	-
Bank charges	3,000	664	3,000	(2,336)	1,865
Communications/Telephone	32,916	33,231	34,140	(910)	34,576
Depreciation & Amort	322,358	312,037	286,236	25,801	314,230
Dues & Subscriptions	11,046	10,524	13,017	(2,493)	7,358
Equipment/Equip Rental	14,010	10,960	8,446	2,514	6,388
Bldg/Sanitation/Custodial	166,728	150,874	133,913	16,961	173,447
Fees	-	2,900	-	2,900	1,507
Freight/Postage/Mail Serv	12,704	16,679	15,800	879	10,277
Insurance	136,080	161,906	169,104	(7,198)	117,773
Interest Expense	(12)	7,898	(12,588)	20,486	9,673
Taxes & Licenses	9,795	10,645	10,499	146	10,063
Legal & Audit Fees	65,293	70,778	71,205	(427)	72,103
Marketing/Advertising	5,000	5,000	6,000	(1,000)	-
Paper Goods	-	-	-	-	-
<i>Paper Goods %</i>	<i>#DIV/0!</i>	<i>#DIV/0!</i>	<i>#DIV/0!</i>	<i>#DIV/0!</i>	<i>#DIV/0!</i>
Parking & Security	8,918	9,283	9,433	(150)	7,969
Professional Services	376,829	394,956	429,696	(34,740)	434,342
Rent	-	-	-	-	-
Utilities	224,709	209,198	212,980	(3,782)	204,093
Repairs and Maintenance	70,895	94,821	50,834	43,987	112,828
Supplies	31,030	28,393	26,742	1,651	33,897
Training/Conference Fees	4,500	7,209	6,675	534	6,458
Travel/Hospitality	22,305	20,164	31,880	(11,716)	18,329
Distributions	-	-	-	-	-
Total Operating Expenses	3,528,480	3,435,703	3,559,520	(123,817)	3,341,792
Operating Surplus	(3,528,480)	(3,435,703)	(3,559,520)	(123,817)	(3,341,792)
Other Income	956,105	983,537	937,145	(46,392)	943,362
Surplus before Allocations	(2,572,375)	(2,452,166)	(2,622,375)	(170,209)	(2,398,430)

CSUN CAMPUS STORE

An operating agreement with Follett Higher Education Group (Follett) was first executed in April 2006 and amended with a ten-year extension in August 2015. The operating agreement was further amended in February 2022 in response to the rapid change in the course materials landscape in higher education. The amendment includes a guaranteed minimum commission from Follett, which is calculated on 95% of the actual commissionable sales of prior year. Although this is a somewhat favorable guaranteed minimum, the continual decline in annual sales year-to-year is resulting in a commensurate decline in annual commission received by TUC.

Fiscal Year 23/24 Projection

FY 23/24 commission revenue is calculated based on 95% of the prior year's actual commissionable sales. Since commissionable sales for FY 23/24 is expected to be less than the guaranteed minimum commission for FY 23/24, TUC will therefore again receive its guarantee minimum commission. The FY 23/24 projection is \$903,000, which includes \$703,000 in minimum guarantee commission revenue plus the \$200,000 amortization payment. The operating expenses are projected to be flat to budget, resulting in an overall variance of (\$65,000).

	FY 23/24 Budget	FY 23/24 Projection	Variance
Commission Revenue	\$ 768,000	\$ 703,000	\$ (65,000)
Amortization of \$1M one-time payment	\$ 200,000	\$ 200,000	\$ -
Operating Expenses	\$ (115,000)	\$ (115,000)	\$ -
Net Surplus	\$ 853,000	\$ 788,000	\$ (65,000)

TUC management spent the majority of the year planning to implement "CSUN Ready: Affordable Course Materials for Undergraduates" which would be a voluntary program for students, intended to provide course materials for a student's entire class schedule, at significantly reduced costs from traditional course materials. Although several presentations and Q&A sessions occurred over the last year, based on current feedback, further campus community discussion and dialog is necessary before, and if, CSUN Ready will be implemented. Unfortunately, CSUN Ready is not currently planned for the 24/25 academic year.

Fiscal Year 24/25 Budget

The formula for the guaranteed minimum commission revenue from Follett for FY 24/25 is calculated based on 95% of the actual commissionable sales of prior year (FY 23/24). Prior year (FY 23/24) actual commissionable sales are projected to be \$655,000. Therefore, the guaranteed minimum commission budgeted is \$622,000, which is \$81,000 lower than the guaranteed minimum for FY 23/24.

Operating expenses will be higher than prior year by \$9,000, which reflects increases in payroll (proposed general salary increase) and benefits (increased benefit rates) plus a slight increase in consulting expenses, as TUC will continue its efforts to re-examine the CSUN Ready program.

In the coming year, the focus on access programs will continue, which includes growing the current MyCSUNDigitalAccess (MCDA) program and continuing discussions regarding CSUN Ready. The ongoing pursuit of affordability, increased retention and positively impacting the equity gap are important pillars of these programs.

	FY 23/24 Projection		FY 24/25 Budget		Variance
Commission Revenue	\$	703,000	\$	622,000	\$ (81,000)
Amortization of \$1M one-time payment	\$	200,000	\$	200,000	\$ -
Operating Expenses	\$	(115,000)	\$	(124,000)	\$ (9,000)
Net Surplus	\$	788,000	\$	698,000	\$ (90,000)

The University Corporation
FY 24/25 Budget Summary
Dept Name = CSUN Campus Store

	Budget FY 23/24	Projection FY 23/24	BUDGET FY 24/25	Change fr 23/24 Projected	Actual FY 22/23
Net Sales	-	-	-	-	-
Cost of Goods Sold	-	-	-	-	-
<i>Cost of goods sold %</i>	0.0%	0.0%	0.0%	0.0%	0.0%
Gross Margin	0	0	0	0	0
Operating Expenses					
Payroll Costs	49,704	49,703	53,664	(3,961)	34,112
Benefits	19,596	19,596	24,264	(4,668)	16,085
Total Payroll & Benefits	69,300	69,300	77,928	(8,628)	50,197
<i>Total Payroll & Benefits %</i>	0.0%	0.0%	0.0%	0.0%	0.0%
Temporary Help	-	-	-	-	-
Grants & Contracts Exp	-	-	-	-	-
Bad Debts	-	-	-	-	-
Bank charges	-	-	-	-	-
Communications/Telephone	-	-	-	-	-
Depreciation & Amort	-	-	-	-	(179)
Dues & Subscriptions	-	-	-	-	-
Equipment/Equip Rental	-	-	-	-	-
Bldg/Sanitation/Custodial Fees	-	-	-	-	-
Freight/Postage/Mail Serv	-	-	-	-	118
Insurance	8,928	12,842	13,092	(250)	7,160
Interest Expense	-	-	-	-	-
Taxes & Licenses	1,520	1,736	1,788	(52)	1,737
Legal & Audit Fees	-	855	-	855	-
Marketing/Advertising	800	870	1,000	(130)	584
Paper Goods	-	-	-	-	-
<i>Paper Goods %</i>	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Parking & Security	-	-	-	-	-
Professional Services	34,992	29,063	30,000	(938)	25,360
Rent	-	-	-	-	-
Utilities	-	-	-	-	-
Repairs and Maintenance	-	-	-	-	-
Supplies	-	-	-	-	53
Training/Conference Fees	-	-	-	-	-
Travel/Hospitality	-	-	-	-	-
Total Operating Expenses	115,540	114,666	123,808	(9,142)	85,030
Operating Surplus	(115,540)	(114,666)	(123,808)	(9,142)	(85,030)
Other Income	968,049	903,000	822,153	(80,847)	1,050,000

FOOD SERVICES

The Food Service division was contracted to Chartwells Higher Education Group in the Fall of 2020, and is now branded as Matador Eats. Chartwells assumed the Profit & Loss financial model at the beginning of FY 22/23.

The Food Service division is comprised of eighteen operating units: four national brands (Subway, Panda Express, El Pollo Loco and Sambazon), one regional brand (Shake Smart), four self-branded Freudian Sip coffee houses, and food operations in the Sierra Center Marketplace, The Orchard Conference Center (which replaced the Orange Grove Bistro), Fry Shack, Arbor Grill, G'mos/Bamboo Terrace residential dining, four Matador Mercado Convenience Stores, Vending, Athletics Concessions, and Soraya Concessions. In partnership with TUC, all of these units are managed by Chartwells.

Unfortunately, post-pandemic conditions continue to cause negative impacts on Food Service operations. Sales continue to be significantly lower than they were pre-pandemic, due in large part, to campus foot traffic being approximately 25% lower than foot traffic levels of 2019. If this trend continues, as it is expected to, the Food Service division will not be the significant revenue generator that it was pre-pandemic. TUC and Chartwells will continue to focus on improving facilities, food services and menu offerings, as a quality Matador Eats operation is a critical element of campus life and student success at CSUN. In FY 23/24, the Mercado at Sierra Center was refreshed and re-opened. For FY 24/25, a renovation will be done to the Marketplace that will improve the space and add to the variety of food available on campus.

Although inflation continued to drive prices to customers higher, FY 23/24 did see market improvements in service and cuisine in residential dining as well as the on-campus coffee houses, convenience stores and quick service restaurants. Unfortunately, the Orchard Conference Center (OCC) catering program continues to be challenged with employee turnover, consistent service, customer communication, and quality of event execution. With that, in the coming months TUC will be undertaking a significant analysis and focus on options to provide solutions to improve operations.

Fiscal Year 23/24 Projection

Revenue: Revenue to TUC for this division consists of two parts: meal plan revenue and commission on both retail sales and catering. Retail and catering sales in FY 23/24 were the same as FY 22/23; and actual retail sales are projected to be slightly better than budget.

Meal Plan: Meal plan revenue is projected to be significantly lower than budget, however the Meal Plan cost will also be lower than budget. Meal Plan costs (below) represents the fees that Chartwells charges TUC to operate the Meal Plan program. Chartwells charges TUC a fixed daily rate, per meal plan, per operating day. This daily rate follows a sliding scale that fluctuates with the number of meal plan participants throughout the year. Revenue and costs are down because students are trending towards the less expensive meal plans.

Other Income: Other income consists of the annual pouring rights payments, vending commissions, and the amortization of the sign on bonus received from Chartwells.

Other Expenses: Other expenses include items such as insurance, interest expense, fees TUC pays to student accounting, repairs and maintenance of facilities and custodial services.

Summary: Food Services net cash is projected to be \$79,000 lower than budget. The projected deficit is \$95,000; however, after adding back the non-cash depreciation expense, there is a surplus of \$1,068,000.

	23/24 Budget	23/24 Projected	Variance
Revenue	\$6,332,000	\$5,657,000	\$(675,000)
Meal Plan cost	5,135,000	4,466,000	669,000
Payroll	215,000	217,000	(2,000)
Benefits	54,000	57,000	(3,000)
Depreciation	1,183,000	1,162,000	21,000
Other operating expenses	278,000	375,000	(96,000)
Operating surplus	(533,000)	(620,000)	(87,000)
Other income	517,000	525,000	8,000
Net Cash Generated	(16,000)	(95,000)	(79,000)

Fiscal Year 24/25 Budget

FY 24/25 assumes that enrollment and foot traffic will be similar to FY 23/24; approximately 25% reduction in foot traffic on campus from the last steady-state year pre-pandemic.

For FY 24/25, a renovation will be done to the Marketplace. This project will refresh the look of the space and will also add two new concepts, adding to the variety on campus. The Marketplace has not had a significant renovation since 2003. The project will be funded by an allocation of \$1.4 million from the capital budget which is included in the Chartwells contract.

Prior to design, survey results pointed to the following cuisine: Mexican fare, pizza, sushi, bowls and Mediterranean cuisine. Each area is branded as follows.

- Pueblo - Mexican fare to include salads, tacos and burritos
- Wild Blue - Featuring sushi, custom made bowls, and Boba
- Halal Shack – Middle Eastern and Mediterranean flavors.
- Baba’s Pizza – Artisan style pizza

Two additional areas of the Marketplace will be refreshed as part of the timeline. One of the second-floor restrooms will be converted into a gender inclusive restroom. Additionally, the second-floor seating area will be re-carpeted.

Revenue: Revenue in the Food Services division is from two major sources: meal plan revenue and commission revenue from Chartwells on all the non-meal plan-related sales. It is expected that there will be a small increase in revenue due to a remodeled Marketplace. TUC forecasts 1,400 meal plan participants for the term, the same as FY 23/24. Increased costs will be offset by a price increase related to a Consumer Price Index (CPI) and Employment Cost Index (ECI) increase. CSUN’s residential dining and meal plan program costs to customers will remain in the lowest third of the CSU campuses.

Meal Plan Cost: TUC will continue to collect all the Meal Plan revenue. Chartwells charges TUC a fixed daily rate, per meal plan, per operating day. This daily rate follows a sliding scale that fluctuates with the number of meal plan participants throughout the year. For FY 24/25, Meal Plan cost increases by \$227,000. This is due to an increase in the negotiated daily rate that Chartwells charges TUC for operating the Residential dining program

Payroll and Benefits: FY 24/25 will see an increase in Salaries and Benefits due to a general salary increase and an increase in benefit rates.

Other income: The current ten-year pouring rights contract with Pepsi expires December 31, 2024. TUC is reviewing an extension offer from Pepsi. The budget reflects a lower than current amount in sponsorship payments due to the decrease in sales since the pandemic.

	23/24 Projected	24/25 Budget	<i>Variance</i>
Revenue	\$5,657,000	\$6,049,000	\$392,000
Meal Plan cost	4,466,000	4,693,000	(227,000)
Payroll	217,000	244,000	(27,000)
Benefits	57,000	82,000	(25,000)
Depreciation	1,162,000	1,166,000	(4,000)
Other operating expenses	375,000	389,000	(14,000)
Operating surplus	(620,000)	(527,000)	93,000
Other income	525,000	430,000	(95,000)
Net Cash Generated	(95,000)	(97,000)	(2,000)

Summary: The FY 24/25 revenue for the Food Services division is estimated at \$6 million with an operational deficit of (\$97,000) which is just (\$2,000) less than the FY 23/24 projection. After adding back the non-cash depreciation expense, the net surplus is \$1,069,000.

As TUC enters FY 24/25 with a renovated Marketplace, TUC and Chartwells will continue to focus on improving facilities, food services and menu offerings as a quality Matador Eats operation is a critical element of campus life and student success at CSUN.

**The University Corporation
FY 24/25 Budget Summary**

Dept Name =
Dept Number =

SUMMARY OF ALL FOOD SERVICE DEPARTMENTS

	Budget FY 23/24	Projection FY 23/24	BUDGET FY 24/25	Change fr 23/24 Projected	Actual FY 22/23
Net Sales	6,332,027	5,656,866	6,048,067	391,201	5,830,518
Cost of Goods Sold	5,135,020	4,465,702	4,693,310	(227,608)	4,772,561
<i>Cost of goods sold %</i>	<i>81.1%</i>	<i>78.9%</i>	<i>77.6%</i>	<i>-58.2%</i>	<i>81.9%</i>
Gross Margin	1,197,007	1,191,164	1,354,757	163,593	1,057,957
Operating Expenses					
Payroll Costs	214,776	216,985	244,422	(27,437)	197,723
Benefits	53,616	57,393	81,740	(24,347)	60,530
Total Payroll & Benefits	268,392	274,379	326,162	(51,783)	258,253
<i>Total Payroll & Benefits %</i>	<i>4.2%</i>	<i>4.9%</i>	<i>5.4%</i>	<i>-13.2%</i>	<i>4.4%</i>
Temporary Help	-	-	-	-	-
Grants & Contracts Exp	-	-	-	-	-
Bank charges	4,764	3,386	3,996	(610)	4,803
Communications/Telephone	5,868	5,599	5,604	(5)	7,481
Depreciation & Amort	1,183,493	1,162,671	1,165,917	(3,246)	1,229,194
Dues & Subscriptions	4,452	3,527	-	3,527	5,035
Equipment/Equip Rental	2,500	2,575	3,000	(425)	1,115
Bldg/Sanitation/Custodial Fees	84,230	74,798	80,428	(5,630)	52,297
	400	550	-	550	2,205
Freight/Postage/Mail Serv	-	-	-	-	-
Insurance	93,012	129,729	132,624	(2,895)	75,574
Interest Expense	36,888	36,897	38,784	(1,887)	36,973
Taxes & Licenses	17,693	16,573	17,705	(1,132)	34,607
Legal & Audit Fees	-	-	-	-	75
Marketing/Advertising	-	-	-	-	572
Paper Goods	-	-	-	-	-
<i>Paper Goods %</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>-</i>
Parking & Security	4,920	3,821	2,898	923	3,595
Professional Services	3,204	55,161	64,506	(9,345)	74,750
Rent	-	-	-	-	-
Utilities	67,739	49,849	69,489	(19,641)	26,990
Repairs and Maintenance	(59,348)	(17,673)	(40,062)	22,389	21,546
Supplies	2,100	298	500	(202)	7,434
Training/Conference Fees	-	-	-	-	-
Travel/Hospitality	9,200	9,097	10,000	(903)	10,307
Distributions	-	-	-	-	-
Total Operating Expenses	1,729,507	1,811,236	1,881,551	(70,315)	1,852,807
Operating Surplus	(532,500)	(620,072)	(526,794)	93,278	(794,850)
Other Income	516,975	525,303	430,211	(95,092)	510,859
Surplus before Allocations	(15,525)	(94,768)	(96,583)	(1,815)	(283,991)

REAL ESTATE

In FY 23/24, TUC purchased one additional single-family home with funds from the Real Estate Reserve. This increases TUC's off campus real estate holdings to ten single-family homes, two ADUs, thirty-three townhomes, a commercial building on Reseda Boulevard, and three unimproved lots contiguous to campus. For the benefit of CSUN's faculty and staff, TUC charges below-market rents for the units at College Court and single-family homes. TUC also staffs the North Campus Development Corporation (NCDC) for its operations and financial reporting.

In 2023, the City of Los Angeles implemented the "Just Cause for Eviction" ordinance that severely restricts a landlord's ability to terminate no-fault tenancies. TUC's program aims to provide transitional housing, not permanent housing. The absence of occupancy limits in the tenants' leases greatly hinders TUC's primary leverage to maintain its housing as transitional.

As a result of this new ordinance, TUC cannot continue to put occupancy time limits in its tenant leases; it leaves TUC in a problematic situation regarding the duration of the maximum lease termination housing policy. This is because the new ordinance leaves TUC with limited options to remove tenants, which has been the practice for years, with very few problems as TUC tenants have understood, going in, the transitional nature of TUC housing. As a result, the new policy is:

1. **Holdover Tenants.** Until July 31, 2024, TUC can increase the rent for tenants holding over beyond their original lease termination dates by 8.8%. The goal here is to raise holdover tenants' rents closer to market, to encourage the transitional nature of TUC's housing program. After this increase, TUC's subsidy average range is still 15% below market. That said, these holdover tenants will positively impact TUC revenue by reducing turnover. Faculty and staff, in most cases, will continue to live in TUC housing due to its convenience.
2. **Non-holdover Tenants:** Tenants who are not yet beyond their original lease termination. For non-holdover tenants in FY 24/25, a four-and-a-half (4.5%) percent increase in rents is budgeted for all TUC housing properties, which is commensurate to market increases. After this increase, TUC's subsidy average range is still 15% below market. The increase is necessary to accommodate the escalating operating costs to maintain these properties and continue to reduce the subsidized market gap.

In FY 23/24, the occupancy rate at College Court was once again at 100%. Partnering with the campus to send "available now for rent" emails to all faculty and staff helped raise the occupancy rate at College Court.

In addition to the continual scanning for potential acquisitions of property contiguous to CSUN, TUC is undergoing an initiative to develop Accessory Dwelling Units (ADUs) on currently owned TUC vacant lots. TUC's Board authorized spending up to \$2 million from the reserves to fund Phase I of the ADUs project. It is expected that there will be a request for a budget augmentation at the June 4, 2024 TUC Board meeting. Phase I involves developing four structures: a duplex and two ADUs on TUC's property at 18321 Halsted Street, Northridge, CA.

For many years, TUC has worked with the Los Angeles County Office of the Assessor to acquire a Public-School Exemption status for its faculty and staff housing. In FY 23/24, TUC was granted public school exemption for College Court Townhomes, which results in a significant decrease in the property tax amount. This exemption will apply to the fiscal year 24/25 as well. This windfall is welcome news.

TUC is now looking forward to a similar exemption status for **property taxes for its single-family homes** in the coming fiscal year. TUC will have to apply with these exemptions every year.

Fiscal Year 23/24 Projection

The FY 23/24 **projected surplus is favorable to budget by \$108,000.**

	23/24 Budget	23/24 Projected	<i>Variance</i>
Revenue	\$1,825,000	\$1,891,000	\$66,000
Expenses	(1,415,000)	(1,373,000)	42,000
Net Surplus	409,000	518,000	108,000

Significant factors:

- \$66,000 higher revenue resulting from greater than traditionally **expected occupancy rate.**
- New rent revenue from purchase of Rathburn home and ADU.
- \$62,000 lower property tax expense due to Public School Exemption.
- **\$20,000 higher operating expenses** due to higher facilities related expenses, depreciation, and insurance.

Fiscal Year 24/25 Budget

The Net Surplus for FY 24/25 is budgeted at \$644,000, which is better than the FY 23/24 projection by **\$126,000.**

	23/24 Projected	24/25 Budget	<i>Variance</i>
Revenue	\$1,891,000	\$2,024,000	\$133,000
Expenses	(1,373,000)	(1,380,000)	(7,000)
Net Surplus	518,000	644,000	126,000

Significant factors:

- Revenue is \$133,000 higher, attributable to:
- **The new home purchase rent and attached ADU rent.**
- **Rent increase of 4.5%** for all non-holdover tenants, which is commensurate to market increases; however, actual rents will remain well below market.
 - **An 8.8% rent increase for tenants who holdover** after their initial lease termination date.
- Anticipating a sustained low vacancy rate at all units.
- \$7,000 higher in operating expenses due to increase in repair expense, payroll and depreciation, and decrease to property tax and interest expense.

When adding back the non-cash depreciation expense of \$399,000, the Real Estate operation is cash positive by \$917,000 for FY 23/24. **For FY 24/25, after adding back non-cash depreciation expense of \$414,000, the department is cash positive by \$1,057,000.**

**The University Corporation
FY 24/25 Budget Summary**

Dept Name =

Dept Number = SUMMARY OF ALL REAL ESTATE

	Budget FY 23/24	Projection FY 23/24	BUDGET FY 24/25	Change fr 23/24 Projected	Actual FY 22/23
Net Sales	-	-	-	-	-
Cost of Goods Sold	-	-	-	-	-
<i>Cost of goods sold %</i>	0.0%	0.0%	0.0%	0.0%	0.0%
Gross Margin	0	0	0	0	0
Operating Expenses					
Payroll Costs	99,648	90,634	123,096	(32,461)	86,739
Benefits	16,666	16,839	36,172	(19,333)	15,147
Total Payroll & Benefits	116,314	107,473	159,268	(51,795)	101,886
<i>Total Payroll & Benefits %</i>	0.0%	0.0%	0.0%	0.0%	0.0%
Temporary Help	-	-	-	-	-
Grants & Contracts Exp	-	-	-	-	-
Bank charges	-	-	-	-	-
Communications/Telephone	3,435	3,262	1,836	1,426	2,359
Depreciation & Amort	384,146	399,470	413,931	(14,461)	345,383
Dues & Subscriptions	9,555	9,556	9,264	292	9,354
Equipment/Equip Rental	3,600	7,630	6,000	1,630	477
Bldg/Sanitation/Custodial	25,620	24,315	30,732	(6,417)	19,365
Fees	192,060	192,060	192,060	-	192,060
Freight/Postage/Mail Serv	240	455	420	35	250
Insurance	59,456	79,015	81,162	(2,147)	49,254
Interest Expense	110,919	110,920	97,662	13,258	120,378
Taxes & Licenses	176,184	114,102	34,238	79,864	161,658
Legal & Audit Fees	7,680	5,183	7,380	(2,197)	4,145
Marketing/Advertising	1,800	330	1,200	(870)	283
Paper Goods	-	-	-	-	-
<i>Paper Goods %</i>	0.0%	0.0%	0.0%	0.0%	0.0%
Parking & Security	-	373	401	(28)	3
Professional Services	23,220	11,522	15,108	(3,586)	18,074
Rent	-	-	-	-	-
Utilities	11,580	12,393	13,332	(939)	6,514
Repairs and Maintenance	283,344	289,972	306,580	(16,608)	249,090
Supplies	1,210	792	1,140	(348)	2,118
Training/Conference Fees	-	-	1,572	(1,572)	-
Travel/Hospitality	4,900	4,302	7,200	(2,898)	-
Capital Equipment Contra	-	-	-	-	-
Distributions&Reserve Activity	-	-	-	-	-
Total Operating Expenses	1,415,264	1,373,125	1,380,486	(7,361)	1,282,649
Operating Surplus	(1,415,264)	(1,373,125)	(1,380,486)	(7,361.31)	(1,282,649)
Other Income	1,824,571	1,890,957	2,024,017	133,060	1,720,726
Surplus before Allocations	409,307	517,833	643,531	125,699	438,076

RESEARCH & SPONSORED PROGRAMS (RSP)

Under its operating agreement with the University, The University Corporation (TUC) manages the post-award administration of research and sponsored programs. TUC retains 50% of indirect cost (IDC) recovery to cover all operation expenditures related to post-award administration (RSP, Administration, Accounting, Human Resources, Information Technology and others) and financial management of a portion of the large grant program funds. After RSP reserve allocation, which funds disallowable costs on sponsored projects, the remaining IDC recovery funds are retained in the IDC master fund and available to the University.

Fiscal Year 23/24 Projection

The projected grants revenue for FY 23/24 is \$37,343,000, exceeding the budget by \$243,000. While the revenue surpasses expectations, the indirect cost retained by TUC falls slightly short by \$100,000 compared to the anticipated increase aligned with the revenue. It is important to note that the IDC retained is used to support not just the RSP post-award department, but also helps cover general and administration operating expenses.

	23/24 Budget	23/24 Projected	Variance
Grants revenue	\$37,100,000	\$37,343,000	\$243,000
TUC's 50% IDC	\$3,344,000	\$3,244,000	(\$100,000)

The RSP Post-Award departmental operating expenses for FY 23/24 are projected at \$1,048,000, which is \$5,000 higher than budget. The department has filled all essential positions and is operating at full capacity.

	23/24 Budget	23/24 Projected	Variance
RSP Operating Expense	\$1,043,000	\$1,048,000	(\$ 5,000)

Fiscal Year 24/25 Budget

The total awarded amount for research and sponsored programs exceeds \$40,000,000 in FY 23/24, with anticipation that its impact on post-award expenditures will become evident in FY 24/25. Research and sponsored activities are on an upward trajectory. FY 24/25 budget is \$39,368,000, exceeding the FY 23/24 projected revenue by \$2,025,000. This translates in an increase of \$451,000 of TUC's retained IDC from \$3,244,000 to \$3,695,000. Again, it is important to note that the IDC retained is used to support not just the RSP post-award department, but also helps cover general and administration operating expenses.

	23/24 Projected	24/25 Budget	Variance
Grants revenue	\$37,343,000	\$39,368,000	\$2,025,000
TUC's 50% IDC	\$3,244,000	\$3,695,000	\$451,000

There is an increase in operating expenses of \$206,000 budget to prior year. The major factors for this are as follows:

- With the elimination of the Finance Director position and the promotion of the Director of Sponsored Programs and Systems Improvements to Associate Executive Director of Financials Services in FY 23/24, the need to hire a supervisor to oversee post-award operations became increasingly apparent. This new position is included in the budget at a cost of \$110,000. (Note: TUC's net FTE increase in professional staff remains at zero.)
- To meet staffing demands, three RSP employees transitioned from non-exempt to higher-level exempt positions. Furthermore, benefits costs are set to rise as the average benefit rate increases 5% for RSP, with three employees becoming eligible for TUC retirement benefits.
- Operational expenses not related to personnel will also see an increase in FY 24/25, due to the following:
 - Both insurance costs and professional services see a 6% increase from FY 23/24.
 - The Facilities & Administration (F&A) rate renegotiation project, a comprehensive study of research space and sponsored projects activities at CSUN, will extend until the end of FY 24/25.

	23/24 Projected	24/25 Budget	Variance
TUC's 50% IDC	\$3,244,000	\$3,695,000	\$451,000
Operating Expense	\$1,048,000	\$1,254,000	(\$206,000)
Residual to fund other operating expenses	\$2,196,000	\$2,441,000	\$245,000

Summary: RSP remains committed to PRO-PI initiatives and enhancing systems. As the volume of sponsored programs rises, the focus shifts towards ensuring optimal performance and readiness for continued growth by appropriately staffing the department.

**The University Corporation
FY 24/25 Budget Summary**

Dept Name =

Dept Number = SUMMARY OF ALL RSP DEPARTMENTS

	Budget FY 23/24	Projection FY 23/24	BUDGET FY 24/25	Change fr 23/24 Projected	Actual FY 22/23
Net Sales	37,100,001	37,342,667	39,367,613	2,024,946	43,664,205
Cost of Goods Sold	-	-	-	-	-
<i>Cost of goods sold %</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>
Gross Margin	37,100,001	37,342,667	39,367,613	2,024,946	43,664,205
Operating Expenses					
Payroll Costs	603,645	655,800	768,484	(112,684)	464,200
Benefits	151,314	103,071	189,837	(86,766)	89,116
Total Payroll & Benefits	754,959	758,871	958,321	(199,450)	553,316
<i>Total Payroll & Benefits %</i>	<i>2.0%</i>	<i>2.0%</i>	<i>2.4%</i>	<i>-9.8%</i>	<i>1.3%</i>
Temporary Help	-	-	-	-	-
Grants & Contracts Exp	30,411,669	30,854,138	31,978,136	(1,123,998)	6,321,966
Bank charges	-	-	-	-	-
Communications/Telephone	5,856	7,109	9,588	(2,479)	4,695
Depreciation & Amort	-	-	-	-	-
Dues & Subscriptions	600	600	800	(201)	190
Equipment/Equip Rental	2,000	7,134	2,500	4,634	4,050
Bldg/Sanitation/Custodial Fees	-	-	-	-	-
Freight/Postage/Mail Serv	-	-	-	-	131
Insurance	144,156	145,369	154,248	(8,879)	130,302
Interest Expense	-	-	-	-	-
Taxes & Licenses	-	-	-	-	-
Legal & Audit Fees	31,773	32,164	35,406	(3,242)	33,529
Marketing/Advertising	-	-	-	-	-
Paper Goods	-	-	-	-	-
<i>Paper Goods %</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>
Parking & Security	-	1,866	2,052	(186)	-
Professional Services	84,004	78,478	67,900	10,578	46,719
Rent	-	-	-	-	-
Utilities	-	-	-	-	-
Repairs and Maintenance	-	-	-	-	-
Supplies	5,230	4,403	6,775	(2,372)	3,682
Training/Conference Fees	-	-	1,450	(1,450)	-
Travel/Hospitality	14,100	12,769	14,750	(1,981)	5,358
Distributions&Reserve Activity	-	(5)	-	(5)	1,880
Total Operating Expenses	31,454,347	31,902,895	33,231,926	(1,329,031)	7,105,818
Operating Surplus	5,645,654	5,439,771.98	6,135,687	695,915	36,558,387
Other Income	-	525	-	(525)	(193)
Surplus before Allocations	5,645,654	5,440,297	6,135,687	695,390	36,558,194

The University Corporation

Capital Budget

CAPITAL BUDGET

The capital budget serves as the basis for the Corporation's fixed asset renewal program, including major and minor upgrades/replacements of facilities, systems, equipment, furniture and fixtures. For fiscal year 24/25 the capital budget is \$200,000. It is important to note that as part of the Chartwells contract, a \$4 million contribution is made for capital improvements. After the Marketplace project is completed, \$1.3 million will remain to be used for capital projects over the life of the contract. TUC however, is still responsible for the maintenance, repair and replacement of the equipment, fixtures and overall facilities.

1.	<u>Unanticipated Equipment Upgrades/Replacements: Chartwells' Preparations to Operate Dining Locations:</u> Much of TUC's kitchen equipment is outdated and more equipment repairs and/or replacements are expected.	\$50,000
2.	<u>Sierra Center: 2nd floor carpet replacement:</u> With the first floor renovation and new food concepts planned for the Sierra Marketplace, the timing is right to replace the carpet on the 2 nd floor seating area of Sierra Center which is more than 20 years old.	\$30,000
3.	<u>Tilt Kettle – G'mos:</u> This is a very old piece of equipment that is used regularly in the residential dining facility, G'mos. A replacement is needed at this time.	\$15,000
4.	<u>Subway Ice Machines:</u> Two Ice machines at Subway that provide ice to fountain beverages - both are antiquated and underperforming.	\$15,000
5.	<u>G'mos Fryer:</u> Last fiscal year, two fryers were replaced at G'mos and now there are two more that are old and in need of replacement.	\$12,000
6.	<u>Freudian Sip – Sierra Center Cold Case:</u> The cold case in this unit does not seal properly and cannot be repaired. It is in need of replacement to not only allow for proper temperature control but to also better promote product to the customer.	\$10,000
7.	<u>Orchard Conference Center (OCC) Security Cameras:</u> The Orchard Conference Center is the only unit that does not have security cameras. Adding cameras will support customer security and assist operations.	\$10,000
8.	<u>OCC Patio Furniture:</u> The patio on the east side of the OCC near the front door has old furniture that was brought over from the Orange Grove Bistro. New furniture will improve the look of the patio and provide better seating for guests.	\$10,000
9.	<u>OnBase improvements:</u> OnBase is a secure electronic platform used to manage documents and workflow which are accessible from a central location. Workflow improvements, updated vendor data form, and better reports and queries will be implemented during FY 24/25.	\$8,000
10.	<u>Water Heater – G'mos:</u> The water heater at G'mos is antiquated and needs replacement. This is critical to the function of the G'mos kitchen.	\$8,000
11.	<u>Sierra Center 2nd floor Window Tint:</u> The tinted windows along the south side of the Sierra Center needs replacing. This will be done in concert with the Sierra Marketplace project.	\$7,000
12.	<u>Unallocated</u>	\$25,000
	<u>TOTAL</u>	\$200,000

Signature: 

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