

**UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE
FINANCE COMMITTEE MEETING
FRIDAY, APRIL 22,
2022 MINUTES**

I. Call to Order

Chair, Charlie Rodriguez-Salazar called the meeting to order at 3:02 P.M.

II. Roll Call

Present	Absent	Staff/Guests
Mia Armendariz, Student Committee Member (voting)	Debra Hammond, Executive Director (non-voting)	Lakshmitha Ravindranath, Student Administrative Support Assistant II
Mishell De Leon, Committee Co-Chair (voting)	Adrian Mejia-Flores, Student Committee Member (voting)	
Thalia Fernandez, Student Committee Member (voting)	Dr. Shelley Ruelas- Bischoff, Student Affairs Representative (voting)	
Joseph Illuminate, Executive Secretary (non-voting)		
Taylor Ketterling, Student Committee Member (voting)		
Charlie Rodriguez- Salazar, Committee Chair (voting)		
Dr. Edith Winterhalter, Associate VP for Budget & Strategic Business Ops, Administration, and Finance (voting)		
Karen Zavala, Student Committee Member (voting)		

III. Approval of Agenda

M/S/P (T. Ketterling/T. Fernandez) Motion to approve the Agenda for April 22, 2022.

Main Motion approved by General Consensus

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IV. Approval of Minutes

M/S/P (M. Leon/E. Winterhalter) Motion to approve the Minutes for April 1, 2022.

Main Motion approved by General Consensus

V. Chair's Report

Chair, Charlie Rodriguez-Salazar asked the committee for a vote to decide whether to have an in-person meeting or a zoom meeting. The majority of the votes were for the zoom meeting. Hence, the June 03, 2022 meeting will be conducted via Zoom.

VI. Discussion Items

A. East Conference Center Additional Funding Request

J. Illuminate led the discussion.

He stated that this item is a Discussion Item instead of an Action Item because the Board approved the allocation of an additional \$714,757 for the East Conference Center 2nd Floor Renovation on April 18, 2022, at an Emergency meeting. There was no time for the Finance Committee to consider this supplemental allocation.

The reason an Emergency Meeting was required for the BOD to is that the cost quotations for the project were going to expire. If the quotes expired, the most likely result would be an increase in the total cost due to inflation. In addition, waiting for new quotes would delay the project because the goal is to complete the project by September 2022 so that the East Conference Center would be ready by the beginning of the Fall 2022 semester for student use.

J. Illuminate provided the following background information:

- The Board of Directors approved an allocation of \$1,829,780 for the ECC Renovation from the Major Purchase, Repair & Replacement in the 2019-20 fiscal year.
 - On March 11, 2022, the Finance Committee approved an additional allocation of \$333,762 for the ECC Renovation from the Major Purchase, Repair & Replacement bringing the total estimated cost of to \$2,163,542.
 - On April 08, 2022, the campus Capital Planning, Design, and Construction department issued an updated Capital Outlay Estimate (Form CPDC 2-7) to add Soft Costs and Group II Furniture and Equipment to the total which brought the total estimated cost of the ECC Renovation to \$2,828,300. The addition of the Soft Costs including Group II created a \$714,757 funding shortfall [$\$2,828,300 - \$2,163,542 = \$714,757$].
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The spreadsheet below compares the February 2022 Cost estimate to the April 2022 Cost estimate.

Cost Category	Estimated GMP Feb 2022	2-7 (Total Project Cost) April 2022	Variance
Interiors	\$ -	\$ 788,000	\$ 788,000
Building Services	\$ 1,472,024	\$ 824,000	\$ (648,024)
Special Construction & Demolition	\$ 77,000	\$ 68,000	\$ (9,000)
General Requirements Building	\$ 200,000	\$ 200,000	\$ -
Design Contingency	\$ 87,451	\$ -	\$ (87,451)
Contractor overhead*	\$ 327,067	\$ 348,000	\$ 20,933
Subtotal - Guaranteed Maximum Price (GMP)	\$ 2,163,542	\$ 2,228,000	\$ 64,458
Soft Costs: Group II Furniture & Equipment	\$ -	\$ 50,000	\$ 50,000
Soft Costs: as entered in Form 2-7-April 2022	\$ -	\$ 600,300	\$ 600,300
Subtotal - Soft Costs	\$ -	\$ 650,300	\$ 650,300
Total Project Cost	\$ 2,163,542	\$ 2,878,300	\$ 714,758
*Contractor Overhead includes:			
Site Management Fee			
Subcontractor Bond			
Contract Performance Bond			
CM Contingency			
TOCA fee (profit)			

The principal reason for the increase in cost is attributable to the additional \$650,300 in Soft Costs that were added to the total price as part of the April 2022 update of Capital Outlay Estimate Form CPDC 2.7. Soft Costs are computed directly as a percentage of the Guaranteed Maximum Price or GMP.

Soft Costs were simply not computed in the February cost estimate which resulted in underestimating the total cost. This was an oversight and an error. In addition, the USU did not receive the revised Capital Outlay Estimate Form CPDC 2.7 until April 11, 2022, the day the BOD was approving the additional \$333,762 allocation request for the ECC Renovation Project.

If this information were available earlier, the total funding amount needed for the project would have been requested at the 4/11/22 BOD meeting. The Campus Facilities Planning Department assumed that the Capital Outlay Estimate Form CPDC 2.7 had been sent to the USU in March 2022. However, it was learned that no one had actually sent it.

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Examples of Soft Costs include the following:

- Architectural and Contract Management Services during Schematic Design and Plan Development and Construction
- Project Management and Administration
- Campus Project Contingency
- Builders Risk Insurance Premium
- Owner Controlled Insurance Premium
- Required Additional Services during the Schematic Design and Plan Development Phase and Construction
- Group II Equipment

T. Ketterling inquired if some of the soft costs listed were predictable, and why were not those costs included in the February 2022 cost computation. J. Illuminate stated that it was an oversight and an error.

Dr. E. Winterhalter asked if there was going to be a checklist or procedure put in place for projects going forward to avoid leaving out the soft costs in the future. J. Illuminate clarified that this issue was discussed at the Emergency Board meeting held on April 18, 2022. Yes, procedures will be put in place to prevent this situation from happening again.

VII. Announcements

Chair, Charlie Rodriguez-Salazar informed the committee about the Diversity & Inclusion Fair which will happen on Tuesday, April 26, 2022, from 12:00 pm to 3:00 pm located at Matador Square.

Chair, Charlie Rodriguez-Salazar made an important announcement that the Annual Budget Finance Committee Meeting will be held on June 3, 2022, from 3:00 p.m. to 5:30 p.m. There will be five Action Items on the agenda:

- Capital Outlay Allocation Request
- Major Purchase, Repair, and Maintenance Allocation Request
- Designated Reserves Allocation Request
- Operating Budget Allocation Request
- Third Quarter Budget Report (9&3)

He stressed that it is very important that every member make every effort to attend the meeting.

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VIII. **Adjournment**

The meeting was adjourned by Chair, C. Rodriguez-Salazar at 3:20 P.M.

Respectfully Submitted,



Joseph Illuminate
Associate Director, USU Accounting & Finance
