

BUDGET COMMITTEE MEMBERS

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Members:

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BUDGET COMMITTEE MEETINGS

9/29/21 AGENDA ITEMS:

Budget process, Facilities use, Loan repayment, Internal audit, Investment strategy

10/22/21 AGENDA ITEMS:

Loan Repayment & Budget Process, Accounting Software Upgrade, internal Audit, Investment Strategy

12/07/21 AGENDA ITEMS:

internal Audit/Credit card statements, Facilities Use, Union Leave report; Loan Repayment, Strike Fund

****for a copy of minutes please complete the sign-in sheet****

BUDGET COMMITTEE GOALS

- Best Use of Resources
 - facilities use
 - internal audit
 - departmental budgets
- Process-System Improvements
 - Budget & Planning software
 - travel & expenses software
- 2022 Outlook
 - Modernization Sacramento field office
 - growing membership = growing a strike fund
 - Investment Policy

FACILITIES(OFFICE SPACE) USE

- Effects from the pandemic highlight less need for office space
- Satellite offices have month to month leases.
- Survey sent to all DLC Presidents in September 2021
- Upcoming Lease Renewals with potential for significant savings:
 - Oakland due 6/30/2022
 - Los Angeles dues 4/30/2023

OAKLAND SITE	CURRENT	LOW	HIGH
Rate	\$2.69	\$4.5	\$4.5
Square Feet	8278	2051	2278
Monthly	\$22,267.82	\$9,229.50	\$10,251.00
Annual	\$267,213.84	\$110,754.00	\$123,012.00

2021 Rent Summary (By Location)

Leasor	City	Address	Begin Date	End Date	Current Base Rent
Wm S Carnazzo/St Joseph LLC	Atascadero	7070 Morro Rd., Unit B	month to	month	\$1,664.00
SEIU Local 521	Bakersfield	1001 17th Street	month to	month	\$857.00
1801 Excise Avenue, LLC	Ontario	1801 Excise, Suite 101	10/1/2020	9/30/2025	\$10,220.00
KBC Capital LLC	San Diego	3456 Camino Del Rio North	11/1/2020	10/31/2025	\$8,618.78
Historic Central Building, LLC	Oakland	1433 Webster Street	5/1/2015	6/30/2022	\$22,212.95
Armen Basmajian- dba: Armen Basmajian Rentals	Fresno	6725 N. Willow Ave, Suite 100	10/1/2017	9/30/2022	\$11,586.00
Omni Coast Savings Limited Partnership	Los Angeles	315 West 9th St, Suite 200	5/1/2013	4/30/2023	\$23,396.26
The Castle Trust dba Weiss Enterprises	Santa Rosa	555 5th Street, Suite G	month to	month	\$325.00
Labor Temple Assoc of Humboldt & Del Norte Counties	Eureka	840 E Street, Suite 9	month to	month	\$250.00
Gerald Northcutt	Tehachapi	208 S. Green St., Upstairs #1	month to	month	\$325.00
Total Monthly					\$79,454.99
Total Annualized					\$953,459.88

FACILITIES(OFFICE SPACE) USE SURVEY

- DLC Meeting-Facilities Survey sent on September 1, 2021 to 52 DLC presidents. We received 26 responses over a two week period- a 50 percent response rate. Below is a short summary of the results by region.
- Sacramento Area: 11 respondents
 - 55% report holding their meetings at a state worksite (6 responses).
 - 27% hold their meetings at Local 1000 field offices (3 responses).
 - 55% of DLC presidents said that they never meet at the field office because it was too remote. (6 responses)

FACILITIES(OFFICE SPACE) USE SURVEY (Cont'd)

Coastal/Oakland: 4 respondents

- Three DLC presidents reported holding meetings at Local 1000 field offices. One held meetings at state offices.
- When asked about the biggest facilities related challenge to meeting one president said that it was a lack of parking. One reported that the meeting space was too remote.

Central/Fresno: 4 respondents

- Two DLC presidents reported that they meet at a restaurant, in the evening, once a month. Two presidents said they meet at the field office, in the evening.
- One respondent said that they never meet at the field office because it's not close enough.

FACILITIES(OFFICE SPACE) USE SURVEY (Cont'd)

- Southwest/Los Angeles: 4 respondents

- Three respondents said that they held their meetings at restaurants. One said their DLC met at the Local 1000 field office.
- Three DLC presidents reported that they never meet at the Local 1000 offices because it's not close enough.
- Two president said that the field office is too remote. Two presidents said that it lacks adequate parking.

- Southeast/Ontario: 3 respondents

- Two DLC respondents said that they held their meetings at Local 1000 field offices.
- One other respondent said that the meeting space was too remote.

INTERNAL AUDIT

- \$73,000 - \$115,000 initial cost estimate of a limited scope (20,500 transactions) forensic audit by a 3rd party firm
- 9/29/21 budget committee to start with internal audit led by the budget committee
- Nov 8 – 10th members of budget committee work on the audit at HQ with Accounting staff. Chart of accounts reviewed and trial balances have been selected.
- Challenges getting access to the expense claims data, highlights need for software upgrades to better store & track expenses to general ledger.

INTERNAL AUDIT

- All expense reports are scanned into NetSuite and physical copies kept in boxes for 1.5 years. Electronic records have never been purged.
- Committee discussed expense claims vs. credit card use by S/W officers. S/W officer transactions paid for on credit card should NOT be showing up as expense reimbursements as well.
- Motion proposing budget committee audit S/W Officer expense claims from 2015 to June 2021 for Executive Officers, seconded, **CARRIED.**
- Motion proposing current S/W officer credit card statements review by budget committee and report to BOD semi-annually, seconded, **CARRIED.**

BUDGET PROCESS

- No Local budget by department since 2018. Since then only a consolidated budget.
- 2022 budget breakdown by department is complex undertaking. Remains a goal for the accounting team in 2022.
- 2022 Budget include 3 SBACs (2 in person); 3 BODs (all in person).
- 2022 Membership drives and various taskforces focused on representation and member engagement. Goal 20% membership increase.

LOAN REPAYMENT

- Current Loan Terms:
 - Loan Amount: \$6.3M @ 4.2% (annualized interest rate)
 - Monthly loan repayment: \$40K
 - Annual Interest paid: \$250K
 - Balloon payment \$5M due July 2025
 - Covenant 1: must maintain an account balance of at least \$5M
 - Covenant 2: maintain positive cash flow averaged over 2 years
-
- Budget Committee recommended Loan Balance paid off in full!!
 - Resulting in a saving of approximately \$900K by 2025!!

Software Improvements – Vena Solutions

- service provider for Budgeting and Planning Software and Financial Closing Software. Implemented early December 2021.
- Software package purchased at an estimated annual cost is **\$26K**
- Overall provides more streamlined and efficient reporting, and allows us to synchronize our data into one database to better track membership and financial metrics.
- Provides for clearer data driven decision-making and provides more visibility to the Budget Committee, President, and the Board.
- Customization: Executive Summary Reporting and Dashboards that would be built out and used for reporting to the Budget Committee and the Board.

Strategic Overview

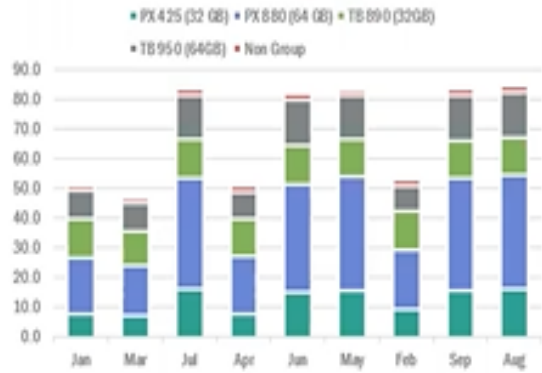
Total Org by Function | Total Department



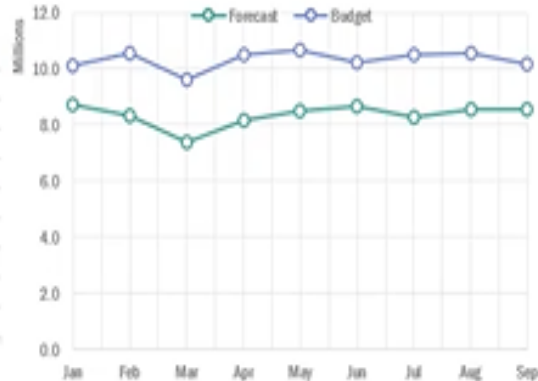
Financial Health

52.28M Net Income	94.26M Gross Margin	218.98M Assets	35.43M Liabilities
46.27M vs Budget	92.17M vs Budget	48.15M vs Budget	4.23M vs Budget
11.5% ▲	2.2% ▲	78.0% ▲	88.05% ▲

Revenue by Product (\$)



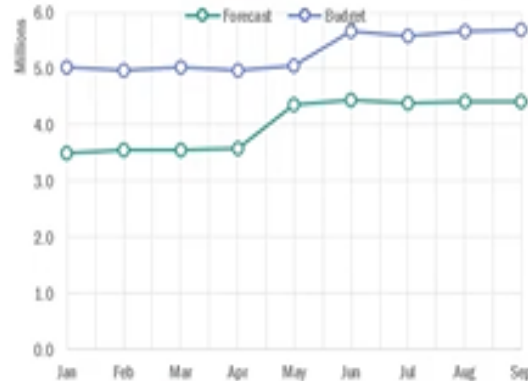
Gross Margin (\$)



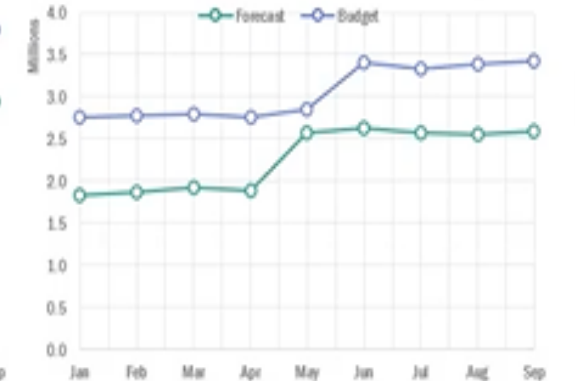
Operational Health

41.98M Total OpEx Spend	21.89M Labour Spend	355.30M Units Sold	4.51 Safety Score
45.90M vs Budget	24.68M vs Budget	351.76M vs Budget	4.40 vs Budget
-9.3% ▼	-12.7% ▼	1.0% ▲	2.4% ▲

Operational Expense (\$)



Salaries & Related Expense (\$)



People Health

301 Employees	16 New Hires	3.65 Emp. Survey	4.05 Glassdoor Rating
4,763 vs Budget	14 vs Budget	4.10 vs Budget	4.25 vs Budget
-1482.4% ▼	12.5% ▲	-12.3% ▼	-4.9% ▼

Customer/Pipeline Health

1,737 Subscribers	5,690 Pipeline Opps	29,549 Avg CAC	4.82 CSAT
1,632 vs Budget	5,257 vs Budget	26,500 vs Budget	4.60 vs Budget
6.0% ▲	7.6% ▲	10.3% ▲	4.5% ▲

Example: customized dashboard

Software Improvements – Vena Solutions

SEIU Local 1000 - Annual Pricing

Description	QTY	PER UNIT COST (ANNUAL)	TOTAL
Platform	1	\$25,000	\$25,000
Administrative Users	3	\$2,000	\$6,000
Contributor Users	0	\$1,000	\$0
Report (View Only) Users	7	\$350	\$2,450
Standard Annual Support (Telephone & Email Support between 2:30am – 8pm ET)			Included
Vena Annual SaaS Subscription & Support Fees			\$33,450
Software Discount (20%)			(6,690)
Total Vena Annual Subscription & Support Fees			\$26,760

** All Pricing in USD*

** Pricing based on a 1-year term*

** All Pricing valid until November 30th, 2021*

Software Improvements – TripActions software

- **upgrading the current landscape of Travel & Expenses:**

https://drive.google.com/file/d/1Ovm2c4bsEliGD39ReX4UMoozULwV8BRG/view?usp=embed_facebook

- Access to significantly more inventory (GDS, consumer, direct, closed-user-group rates)
- Intuitive user experience to streamline travel booking process for Georgina & Francis
- 24/7 proactive support available via chat, phone, or email
- Consolidation of Travel + Payments onto a single platform
- Auto-categorization of expense details via Liquid Physical Card Use to drive efficiency
- Policy baked into the platform & available for employees to reference at their convenience
- Utilization of P-Cards & additional Liquid Physical Cards to refrain from bank cards being passed around and abused

2022 Outlook - Modernization

- HQ is a whole city block including a large parking lot
 - Sacramento field office (one story bldg.) is under utilized.
 - Potential source of savings and income.
 - Modernizing the field office:
 - Re-purposing the building for leasing of suites with shared meeting spaces available.
 - Prioritize our bargaining units having meeting space during bargaining
 - Adding solar panels in parking lot could also reduce or electric bill
 - Adding electric charging stations could provide tax rebates
- Continued discussions and research needed

2022 Outlook – Strike Fund/Bargaining, Investments

- Strike Fund:
- Future growth of strike fund will depend heavily on membership growth, plans in the works for membership drives.
- Strike funds may be Board restricted funds, further research needed.

- Investments:
- Invested in short term CD's that get a low return.
- Research other investments with better rates of return.
- Investment policy dictates what we can invest in, further research needed.

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