

Official University Centers Advisory Board Statement on the Redaction of the Che Cafe Facility Allocations from the University Centers FY 2014-2015 Budget

June 3rd, 2014

On May 23, 2014, University Centers Advisory Board voted 9-4 to remove the projected cost of maintenance for the Che Café Facility from the University Centers FY 2014-2015 Budget starting on July 1, 2014. The Board, in its advisory role to University Centers, also voted 11-1-1 to approve the University Centers FY 2014-2015 budget without the Che Café Facility line item. Because the Board voted 11-3 to go into Executive Session (i.e. closed meeting), the conversation surrounding both of these votes is not something the Board can discuss with the general public. However, it is important to understand the context surrounding and prompting the vote on the Che facility.

University Centers includes Price Center West and East, the Student Center, and the Che Café Facility. As both Price Center and Student Center were built by student referendums passed in 1969 (Student Center), 1984 (Price Center West), and 2003 (Price Center East), it was necessary to establish a student-led, student-majority board to review and approve all policies and budget related to University Centers. Since 2008, University Centers has been suffering a deficit due to steady enrollment (no new growth of students), inflation, and growing capital maintenance on aging facilities; Price Center West is in its 25th year of operation as a facility, and Student Center has been around for far longer than that. In order to make ends meet without increasing financial strain on students, University Centers has relied more and more on vendor revenue over the years. During the FY 2013-2014, students paid 65% of the total revenue University Centers receive while 24% of the total revenue comes from vendors. It is expected however, that during the FY 2014-2015, students will pay 64% of the total revenue and vendors will pay 28% of the total revenue. As such, FY 2014-2015, the total revenue is expected to increase by 1.18% to \$10,916,635. Despite the steady referendum fee and the increased vendor income, University Centers has been suffering an annual deficit due to continual inflation and increased expenses from contractual obligations. While costs continue to grow, the steady state enrollment of registered students has resulted in no new natural increase in revenue from referendum funds. In 2012-2013, the deficit was \$434,471. In 2013-2014, the deficit was \$262,701. As UCAB entered budget deliberations during February 2014 for the FY 2014-2015, the projected deficit including the Che Café Facility was an unprecedented \$1.285 million. The amount of cuts University Centers has done was already significant by then. The reason why the Che Café Facility was not brought up until this year was because of the prevailing belief of the University Centers as well as the University Centers Advisory Board to cut internally before looking to downsize student services. It was essential to protect and preserve as many student services as University Centers could afford.

So, to limit the deficit and pass a referendum to increase the fee, University Centers Advisory Board supported a series of painful cuts to the University Centers budget including the decision to furlough all staff members in 2009-2010; eliminate the EDNA information services in 2010-2011; and merge their business office with the Student Life business office and lay off their Business Officer and Commuter Student Services Manager in 2011-2012. On top of that, six new retail ventures, determined with input from the student-led University Centers Advisory Board, came in during this time. However, the deficit kept on growing. University Centers and UCAB were forced to take even more drastic measures to limit the deficit and prevent a depletion of the reserves. In 2012-2013, more capital projects including maintenance, furniture, and equipment replacement were deferred. Furthermore, Crafts Center was closed to save \$155,000-\$157,000 in operational subsidy as well as an expected \$1.5 million in facility maintenance projects. Commuter Student Services was also closed, and salary savings occurred through attrition. In fact, there was a salary hiring freeze to prevent any additional financial burden. The 24 hour

service at Price Center East was cut from five days to four days. Finally in 2012-2013, the student staffing and programming were reduced significantly. This trend of painful cuts continued through the 2013-2014 fiscal year, in which there was more deferred maintenance, and more items not being replaced in a timely manner.

With this context in mind, the University Centers Advisory Board and University Centers understood that for the fiscal year 2012-2013, cutting further expenses would be detrimental to the overall student population. As such, University Centers along with University Centers Advisory Board commissioned a University Centers Student Usage and Priorities Survey in 2012 among a randomized group of 8,000 registered UC San Diego students to prioritize its services and direct its budgetary planning. Of this, more than 1800 students responded.

When University Centers Advisory Board met to discuss the budget, the Board utilized the reports from surveys and facilities repair to prioritize the maintenance and services for the UC San Diego student population. The Board came to see that the Che Café facility was in a problematic situation. From the aforementioned survey, 67.19% of students labelled operating the Crafts Center low or very low priority while 77.95% labelled operating the Che Café facility as a low or very low priority. In addition to the Crafts Center, the 3,492 square feet Che Café Facility was identified by the third party ISES Corporation in 2010 for having a total of \$722,471 (not adjusted to 2014 dollars) in maintenance projects. The facility was labelled 0.52 out of 0.60 by ISES which indicated that the Che Facility was in poor condition. To point out how significant that score is, should the facility's score surpass 0.60, ISES would recommend a complete replacement of the facility. The total amount in maintenance project does not include the 15% fee that University Centers must pay to UC San Diego's Facilities, Design, and Construction.

While the Che Café Collective has responded that the University needs to be upholding its obligation in the Master Space Agreement, it should be noted that the Master Space Agreement was breached by the cooperatives and it is only through the advocacy of University Centers, on the Che Cafe's behalf, that the Che Café Cooperative was allowed to stay in the space. The first breach was when the Che Café Collective lost its nonprofit status and was put on default by the University Centers Advisory Board in October 2013. The second breach was the failure of the Che Café Collective to pay for its monthly rent, which grew to be more than \$6,000 of unpaid rent despite the rent set at \$0.08 per square footage.

In terms of the MSA, one of the violations included inconsistencies by the Che Cafe to report events and participants two weeks in advance. This violation led to a University Centers notice in October 2013. Since this notice given in October of 2013, the Che has only provided three months worth of events: November 2013, January 2014, and May 2014. After that, the University Centers sent a notice for unsafe cooking environment and use of electric cords in November 2013. In an attempt to ensure that the Che would be able to continue operation, despite the default on lack of nonprofit status and failure to pay rent, the University Centers Advisory Board requested University Center keep the Che Cafe Collective operational in the Che Cafe Facility, while these matters were figured out. In order to keep the Che Facility operational in this 2013-2014 fiscal year, University Centers spent over \$40,000 on the space. \$39,841.75 was spent on additional exit doors and develop an ADA pathway due to fire and life safety concerns. \$2,369 was spent, to include additional outlets to alleviate extension cords for major equipment and resolve the notice of the electrical cords. An additional \$1,000 was used to include exit signs, capacity signage, smoking policy signage, and lock replacements.

It is important to note that despite claims that UCAB should uphold the Master Space Agreement, the University Centers Advisory Board is not a signatory of the current Master Space Agreement, and serves in an advisory capacity to University Centers, to give student input on the proper use of the fees which all UCSD students pay each quarter. As such, University Centers is restricted by the decisions University Centers Advisory Board makes on the University Centers budget. Despite the framing that administrators are the primary culprit in closing the Che Facility, the University Centers Advisory Board noted in public input that Che Café Collective has not been catering towards the students who pay the fees for the University Center. While the students on UCAB appreciate and uphold the belief that the cooperatives at UC San Diego is a great learning opportunity for students, the rejection by the student body of an increase in the University Centers fee in the 2013 Spring Elections forced UCAB to advise University Centers on cost cutting rather than service enhancing measures. With an inability to raise more capital to offset the budget cuts, the UCAB made a conscious decision to heed student opinion in assessing future budget changes.

As such, this was, simply put, a student driven motion made in context of a severe budget deficit, within a facility primarily operated through student fees. At least four of the six undergraduate college councils voted, in an advisory role to their UCAB representative, to remove the allocation of the Che Café Facility from the FY 2014-2015. With twelve of fifteen representatives on the Board being registered students, the vote was made by students based on the priorities of the general student population. To ensure that the Che Cafe Collective will remain in operation, University Centers supplied to UCAB a draft on the relocation of the Che Cafe. On May 19, 2014, the official student government for the graduate and professional students, Graduate Student Association, also voted in the affirmative for a resolution calling upon the Che Cafe Facility to be moved from its present space as well as the decertification of the Che Cafe Facility. On June 2, 2014, the Graduate Student Association voted 24-2-3 on a resolution calling for the decertification of the Master Space Agreement with the Che Cafe as well as a recommendation for the Che Cafe Cooperative to be moved to the Student Center.

A number of factors were considered throughout the Che Cafe discussion. First, the financial strain on University Centers by the Che Cafe maintenance is enormous. University Centers reported an estimate of \$489,212 for restroom renovation, including related projects and adherence to any ADA compliance. In addition, per the Fire Marshal's strong recommendation for a fire sprinkler and fire alarm system, University Centers noted that it was imperative to spend \$350,000 to install the sprinklers and alarm system. While it is strongly recommended, the Fire Marshal noted that any new buildings would be regulated by code to have these features. As such, to ensure the safest environment possible especially in light of recent fires in clubs, University Centers Advisory Board agreed the need to have these projects done now rather than later if the Che Facility was to continue to operate. Second, deferred maintenance has been a staple of all facilities. However, the \$1.5 million in deferred maintenance over the next eight years was a considerable amount for a facility that was deemed to be deteriorating. With the deferred maintenance, continuous operational expenses to spot check facility and events came up to \$150,373 over eight years. The additional expense in staff came from violations the Che Cafe has had in the past. UCAB agreed that an additional University Centers staff should be there to ensure compliance during Che Cafe events.

In light of the continuous budget struggles for University Centers as well as the struggle to maintain even a minimal level of maintenance at all facilities, the University Centers Advisory Board believed that the maintenance of the Che Cafe Facility can be deferred until more funds could be attained. UCAB agrees that, as a representative board of all registered UC San Diego students, the facilities used by a majority of students should be first remedied for any potential life and safety issues before allocating funds to

facilities not as well utilized. The substantial investment required to allow safe operations at the Student Center and Price Center as identified by ISES, University Centers, and Facilities Management totals to be more than \$17,753,134 in planned and deferred maintenance until 2025. With the minimal student participation and a greater issue of life and safety that University Centers budget could not include without going into a significant deficit, University Centers Advisory Board voted to remove the Che Cafe allocation from the budget until a later time when significant funds could be procured.

While including the allocation for the Che Cafe Facility maintenance in the budget is fiscally possible by dipping into the reserves, it is not fiscally advisable. As of May 23, 2014, the reserves of University Centers are at \$3,078,283 which is significantly less than the best practice for reserves which is, according to ORRICK "Borrowing with Tax-Exempt Bonds," \$4,749,638. To continuously dip into the reserves at the present rate would lead to the reserves being entirely depleted within the 2015-2016 fiscal year. Should University Centers zero out the reserves, University Centers would be only able to operate at the most minimal level of operation, which would mean the shuttering of facilities not integral to the daily operation of the facilities. Such an action would be clearly detrimental to students who utilize the University Centers as a conducive study environment and central meeting location for their co-curricular activities. In light of the increased crowding and decreasing space set aside for their studies at the residential halls as well as a lack of space for commuters to spend breaks between classes, the consequences of the depletion of the University Centers' reserves would serve as a significant disruption to all students' academic experiences. Preventing this means taking long term steps to hold reserves at a level closest to the best practice level set in ORRICK. One of such steps included the delaying of the Che Cafe required maintenance as well as deferring other maintenance at Student Center and Price Center.

The Che Cafe Facility has been part of this campus for more than half a century. The University Centers Advisory Board acknowledges the rich history and influence that the Che Cafe Facility has on the community that rallied for the Che Cafe Facility. Yet, with the increasing cost of renovations required to maintain the Che Cafe to ensure a safe environment, it has become more and more difficult for UCAB, in the face of budget deficits and increasing depletion on the reserves, to sustain the Che Cafe Facility. The undergraduate and graduate students voted to remove the Che Cafe Facility's allocations for the FY 2014-2015 to preserve and maintain the quality of services offered at the Student Center and Price Center while maintaining the fiscal integrity of these student unions. As a student-run, student-led, student-majority advisory board, UCAB's decision to remove the allocations for the Che Cafe Facility renovations from the FY 2014-2015 budget was not made lightly, and was not made without considerable discussion and many hours of public input, and unprecedented, additional special meetings. It was with this context in mind that the vote was made. As with any and all issues, the University Centers Advisory Board looks forward to working with all respective parties to best advance the mission of the University Centers in the future.

Respectfully submitted,
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2013-2014 Chair, University Centers Advisory Board