
Dear University Glen Homeowners:

The Site Authority board members received a memo prior to the last board meeting from 24 University Glen townhome owners, representing 15 households, expressing objections to the 2023-24 budget. Several emails were also received expressing similar concerns. Many of the objections and/or concerns were addressed in a staff presentation at the Site Authority Board meeting held on May 15, 2023. The presentation includes the following:

- Site Authority & Housing Program Objectives including the key elements and priority categories of the housing program
- Roles & Responsibilities of the Site Authority, BAG, CAG, HAC, UGCAM
- Monthly Housing Expense Comparison
 - University Glen Townhome vs. Camarillo Townhome
- Budget Process
- CAM Reserves including best practices, reserve studies, Townhome reserve history and 2020 analysis
- CAM Fees (Townhomes) including reserve studies, history and current state analysis

The presentation can be found here <http://universityglen.csuci.edu/current-homeowners/owner-resources/> and includes the source material citations used for the presentation. The board meeting recording can be found here https://www.csuci.edu/siteauthority/sa_minutes/index.htm. The board meeting recording includes the narrative and questions and answers regarding the presentation as well as the budget presentation and discussion and reiterates that the reserves are invested in compliance with the CSU policies. We encourage you to watch the entire recording for a fuller understanding of the history, background, and rationale for the current budget.

By way of background, the Site Authority was created pursuant to the California State University Channel Islands Site Development Act of 1998 (California Statutes Chapter 861) in order to implement a faculty and staff ownership housing program at CSUCI, to provide faculty and staff housing and to financially support the reuse of the Camarillo State Hospital Site into the CSUCI campus. The primary objectives of the housing program are promoting and assisting the educational purposes and strengthening the educational programs of CSUCI by establishing a diverse residential community at CSUCI, by creating continually affordable housing for employees of CSUCI, and by assisting in the recruitment, retention, productivity and participation in activities at CSUCI of employees of CSUCI.

The following addresses the items noted in an email and memo that were not directly addressed during the board meeting:

- As of May 2023, there were 81 individuals that have confirmed their interest in purchasing a University Glen home and 58 of those on the wait list are CSUCI faculty and staff. This does not include other members in the community or on campus that are interested but have not reached out to us to be notified by email when a home is for sale. In May 2022, there were 50 people on the wait list. The demand continues to increase as the home prices in Ventura County continue to escalate.

- The Ground Sublease has been updated over the years to reflect the most current amendments to the Ground Lease, role of UGC, and other changes to clarify definitions, processes, etc. and that review will continue periodically into the future. Thus, as the Ground Sublease is updated, new owners may find some differences in their Ground Subleases than owners who purchased their properties at an earlier date.
- Budget line items not identified individually in the Ground Sublease, such as police, parking, and emergency medical services provided to the UG community by the CSU Police and Parking Services departments, fall under section 4.3 which includes “any reasonable costs incurred by SA in connection with the exercise of SA’s right of abatement of any nuisance or violation of the Regulations.”
- The line items for water/sewer services were set based on information provided in a recently completed rate study. The rate study was conducted to substantiate the water/sewer service delivery fee and it revealed the homeowners were being undercharged. The engineering firm of Black & Veatch, who are experts in the field, conducted the rate study and provided a presentation to the community where the methodology was shared, and questions were answered. The community was then invited to ask follow-up questions and answers were provided by Black & Veatch. Now that the rate study is final, it is available to the public and posted to the University Glen website. Please see Water Rate Study Report section here <https://universityglen.csuci.edu/current-homeowners/owner-resources/> The study calculates the cost of providing water and sewer to the community. The cost is well below what customers of adjacent water providers currently pay. The costs do rise over time which is also true of adjacent water providers. The initial study was paid for by the Site Authority and includes projections for 5-years. If it appears that a revenue adjustment is needed at the end of the 5-year period, a new study will be requested. The cost of a new study would be paid for by the customers and drawn from the water rate reserve.
- A reserve for the water and sewer infrastructure has not been included in the CAM fee prior to FY 2022-23. The recommendation for the reserve is that a balance that equals a minimum of 90 days of operating expenses is held. That equals about \$185,000 for all of the customer classes combined. Based on the rate structure proposed, University Glen pays a 47% share which would equal about \$87,000.
- The allocation of water and sewer expenses was shifted from a per door allocation after researching the significant increase in water consumption last year. The meters for the Town Center and the apartments show water consumption is flat over the recent years and the meters leading into the UG community show an increase. The water flow in the middle of the night was monitored and revealed that it is minimal, suggesting that leaks are not a significant factor. Consequently, the allocation by door was changed so the apartments and Town Center occupants would not continue to subsidize the townhome and single-family residents. Installing individual meters is the most reasonable solution to the ongoing debate over water consumption.
- The funds paid to Camrosa Water built out the infrastructure for all of the East Campus and without that, University Glen would not have the access to water the way it does now. The University Glen community will not be reimbursed for past expenses based on future shared use. Take into consideration that the \$816,000 Special Tax collected pays less than 1/3 of the annual debt service of \$2.6 million which funded the streets, lighting, utility infrastructure, etc.

The campus subsidizes the balance of \$1.784 million each year for the benefit of every resident and tenant in the community.

- Requesting bids from outside vendors to provide the water utility service is not an option. CSUCI is the only entity willing and able to provide the service to University Glen since Camrosa is not willing to become the water provider. There are no other options. CSUCI strives to operate as efficiently as possible and look for opportunities to improve efficiency and be a responsible steward of resources.
- Kennedy Wilson will be responsible for its pro rata portion of the sewer, water, trash collection, police protection, and parking enforcement provided to the 2 communities as well as its pro rata portion of the maintenance of the roundabouts landscaping, and the Channel Islands Dr. roadway from the southern roundabout northwest out to Camarillo St.
- The Social Club Activities Fees pay for the community garden, Safety Fair, Community Holiday Party, movies, parades, kids painting activities and more. Requests to change the budget and/or activities should be directed to the Community Advisory Group (CAG). Decisions on community activities are up to the community; the Site Authority does not second-guess funding of community activities provided the budget is not exceeded and the activities do not violate the terms of the GSL or UG rules and regulations.. Budget concerns can also be brought to the Budget Advisory Group (BAG).
- The landscaping budget stays flat from FY 2022-23 to FY 2023-24 at \$457,680. The landscaping contract went out for bid in 2022 and Gothic Landscaping was chosen. If the community wants to go out for bid when this contract ends, they are free to do so. Please bring your concerns to the Homeowner Advisory Council (HAC).
- With regard to Kennedy Wilson, please refer to the roles and responsibilities reiterated in the presentation to the board on May 15 (linked above). The increase in fee is because the contract for Property Management includes an annual escalation in cost associated with labor/benefits that is in line with industry standards and there is also a component that is a % of total CAM budget so when that budget increases this cost increases. The reasoning is that a higher budget creates more accounting, contract management, billing, etc. The Property Management contract ends at the end of FY 23/24. The community may request bids from other vendors or renegotiate with KW. The scope of the contract will determine the cost of the property management fee.
- Regarding the history of the reserve funds and the CAM fees, please refer to the presentation to the board on May 15 (linked above). The funding of the reserves is fully accounted for and the fluctuation in the ideal balance versus the actual balance is explained. The presentation also explains that not only did the Site Authority fulfill its UGCAM Reserves contribution obligations when it owned townhomes, it went above and beyond by contributing both the \$388,461 that came out of the hypothetical Reserve Shortfall, as well as contributing to UGCAM Operating costs during the 2-year period the SA was renting out the 32-acre parcel for parking.

Regarding the following requests:

1. Electronically searchable copies of all iterations of the GSL and any amendments thereto. The most recent Ground Sublease is posted on the University Glen Owners Website. As noted above, the Ground Sublease has been updated over the years to reflect the most current amendments to the Ground Lease, role of UGC, and other changes to clarify

definitions, processes, etc. Staff and legal counsel are currently reviewing the leases to determine what material changes were made, if any.

2. Evidence that all amendment procedures have been followed for changes to any iteration of the GSL;
We have no knowledge of amendments to the Ground Sublease not being done properly.
3. A public review of our concerns by the Site Authority prior to a vote on any budget proposal; and
The Site Authority Board welcomes input from the University Glen Community and all Public Comments whether written or verbal are shared with the Board.
4. The creation of a standing committee of Site Authority and community members to explore just and meaningful resolution of all the issues raised herein.
The HAC, CAG, and BAG are set up to address the concerns of the community and communicate with the Site Authority Board. Please note their roles and responsibilities both stated on the University Glen website and reiterated in the presentation to the board on May 15 (linked above). Please work through the existing committees. There is no need for an additional committee at this time.

CALIFORNIA STATE UNIVERSITY
CHANNEL ISLANDS SITE AUTHORITY

By: *John Lazarus*

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Dated: June 22, 2023