



FOR INFORMATION

PUBLIC

OPEN SESSION

TO: University Affairs Board

SPONSOR: Jill Matus, Vice-Provost, Students & First-Entry Divisions

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PRESENTER: See Sponsor

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DATE: March 5, 2015 for March 17, 2015

AGENDA ITEM: 2 (b)

ITEM IDENTIFICATION:

Operating Plans: UTSC Service Ancillaries

JURISDICTIONAL INFORMATION:

Each year, the University Affairs Board approves operating plans for the ancillaries listed in 5.1.1(a). of the Board's Terms of Reference. The plans describe the services and programs proposed to be offered within the financial parameters set by the University's operating budget and financial policies and include each ancillary's annual operating budget.

With respect to the approval of plans for the UTSC Service Ancillaries, under the terms of Reference for the University of Toronto Scarborough Campus Affairs Committee, sections 5.1 and 5.3.1, provide that the Committee "considers and recommends to the UTSC Campus Council for approval the operating plans for the campus and student services ancillaries."

GOVERNANCE PATH:

1. Campus Affairs Committee [For Recommendation] (February 11, 2015)
2. UTSC Campus Council [For Approval] (March 3, 2015)
3. **University Affairs Board [For Information] (March 17, 2015)**
4. Executive Committee [For Confirmation] (March 24, 2015)

PREVIOUS ACTION TAKEN:

At its meeting held on February 11, 2015, the UTSC Campus Affairs Committee considered and recommended the 2014-15 UTSC service ancillary operating plan proposal to the UTSC Campus Council for approval. On March 4, 2014, UTSC Campus Council approved the 2014-15 service ancillary operating plans and were presented to the

University Affairs Board for information on March 18, 2014. The service ancillary operating plans received confirmation of approval from the Executive Committee on March 27, 2014.

HIGHLIGHTS:

The UTSC Campus Affairs Committee considers and recommends operating plans for all UTSC service ancillaries on an annual basis. Those plans include a management report that describes the proposed services and programs offered within the financial parameters of the University's operating budget and financial policies set by the Business Board. The plans also include each ancillary's annual operating budget, as well as changes to program and levels of service, categories of users, accessibility, and compulsory or optional fees. This year, the plans will report on actual financial results for 2013-14, the forecast for 2014-15, and projections for the five year period, 2015-16 to 2019-20. Only the proposed budget for 2015-16 is presented for approval.

Consultation

The UTSC Service Ancillary operating plans are developed in a consultative process with the Office of the Chief Administrative Officer and the Financial Services Department. These plans are assessed for completeness, adherence to fiscal policies, financial feasibility and in achieving the four key financial objectives for service ancillaries. Consultation around each of these plans also occurs with stakeholder groups that are directly affected, and that form part of the advisory and decision-making structures of each operation. Students are included in these groups. The Student Housing Advisory Committee includes membership from residents at large, students living off campus in rental accommodations, residence advisor, representation from the Scarborough Campus Residence Council President, and elected members from the Scarborough Campus Student Union (SCSU). The Food User Committee gathers various representatives from the UTSC community including academic staff and faculty, administration, students, and representatives from the campus' food service provider and the SCSU. The Parking Advisory Review Committee includes academic staff and faculty, administration, and students.

Each advisory group was provided with the opportunity to discuss ancillary management plans, operations, products, programs, and initiatives presented by the service ancillary. Discussions covered accessibility, hours of operations, pricing, service levels, current and future programs, and maintenance projects planned, as applicable. The various advisory committees provided feedback and guidance to topics brought forward by the service ancillaries, which were used to develop the operating plans submitted to the Committee for recommendation. The 2015-16 operating plans and management reports

were also provided to University of Toronto Financial Services Department for comment. No major concerns were raised.

Overview

Service ancillaries at the University of Toronto Scarborough include Student Housing and Residence Life, Conference Services, Food and Beverage Services, and Parking Services. These operations are measured over the long-term on their success in meeting four objectives: (i) to operate without subsidy from the operating budget; (ii) to provide for all costs of capital renewal, including deferred maintenance, furniture and equipment; (iii) having achieved the first two objectives, create and maintain a minimum operating reserve of 10 percent of annual expenditures; and (iv) having achieved the first three objectives, contribute net revenues to the operating budget.

2015-16 Service Ancillary Operating Plans and Budgets

Service ancillaries are budgeting net income of \$1.7 million before transfers at April 30, 2016 on projected revenues of \$12.1 million (see Schedule 1), which will primarily be applied to increase reserves for capital renewal, operating, and new construction, thus strengthening financial health.

2015-16 Service Ancillary Capital Budgets

The service ancillaries are budgeting capital expenditures of \$0.9 million in 2015-16 (see Schedule 5). The capital budgets include roof replacement and furniture for Residence, a litter vacuum for Parking Services, and seating area upgrades and kitchen equipment in Food Services.

2015-16 Service Ancillary Rates and Fees

Student Housing and Residence Life proposes a 4% residence fee increase for 2015-16. Over the last 10 years, the average residence fee increase is 5%. Parking Services proposes a 3% permit rate increase for all categories of UTSC permits in 2015-16. Permit increases of 3% have been implemented since 2008-09 with 5% fee increases in years prior to 2008-09.

These budgets and rates provided for approval for 2015-16 are reasonable based on the operating plans, which outline the opportunities and ongoing challenges facing the ancillaries, with the understanding that there will be continuing work to address various issues.

FINANCIAL AND/OR PLANNING IMPLICATIONS:

The anticipation of each ancillary in achieving the objectives of the budget guidelines is summarized in Schedule 2

RECOMMENDATION:

This memorandum is presented for information.

DOCUMENTATION PROVIDED:

UTSC Service Ancillary Report on Operating Plans 2015-16



UNIVERSITY OF
TORONTO
SCARBOROUGH

Service Ancillary Report on Operating Plans

2015-16

Summary

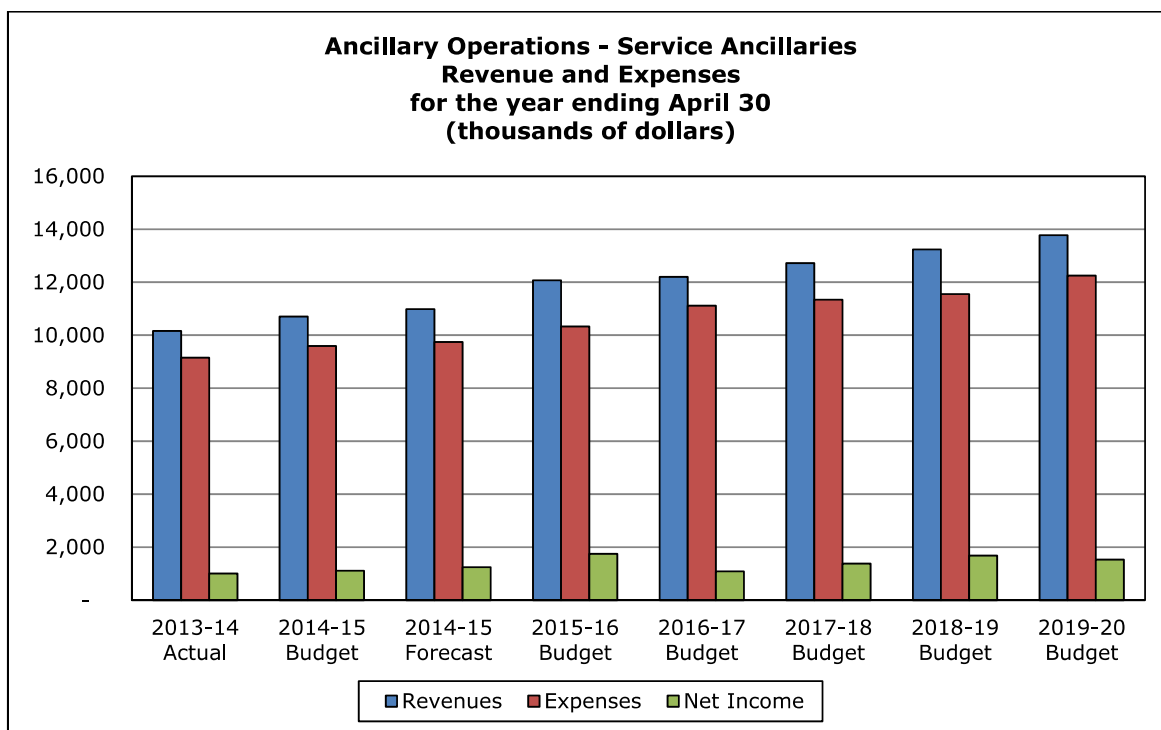
Service Ancillaries at the University of Toronto Scarborough (UTSC) include Student Housing and Residence Life, Conference Services, Food and Beverage Services, and Parking Services. These operations continue to benefit from enrollment growth on campus. They are focused on providing services to and partnering with the UTSC community in order to use resources efficiently and seize revenue generating opportunities. This is important as each ancillary will continue to face financial pressures to make investments necessary to meet the needs of a growing campus. Residence continues to maximize occupancy rates while implementing sustainable fee increases to support programming and contributing to the development of a Phase V residence building. Conference Services continue to optimize the availability of facilities and develop new sources of revenue. Food and Beverage Services continues to enhance its revenues by improving the client experience and partnering with new initiatives. Parking Services maintain quality parking facilities and services, while saving for an investment in a standalone parking structure.

These operations are measured over the long-term on their success in meeting the following four objectives:

1. To operate without subsidy from the operating budget. Should the need for a subsidy be identified, the subsidy must be expressed as a matter of policy and compete on equal terms with other priorities in the operating budget.
2. To provide for all costs of capital renewal, including deferred maintenance. Provision must be made for regular replacement of furniture and equipment.
3. Having achieved the first two objectives, create and maintain an operating reserve (excluding capital requirements) at a minimum level of 10 percent of annual expenditure budgets (net of cost of goods sold, capital renewal costs, and deans' and dons' expenses), as a protection against unforeseen events, which would have a negative financial impact on the operation.
4. Having obtained the first three objectives, service ancillaries will contribute net revenues to the operating budget (for purposes of clarification, the fourth objective relates to all contributions of net revenues made by the ancillary operation to any operating budget outside of their own operation). The rate of contribution will be established by each individual campus for each individual ancillary.

This report includes highlights for 2014-15 forecasts, 2015-16 budgets, and long-range plans for each ancillary. This report also includes financial summaries of each ancillary. Copies of detailed submissions may be obtained from the Senior Financial Officer, Ancillary and Self-Funded Operations.

Budget Summary

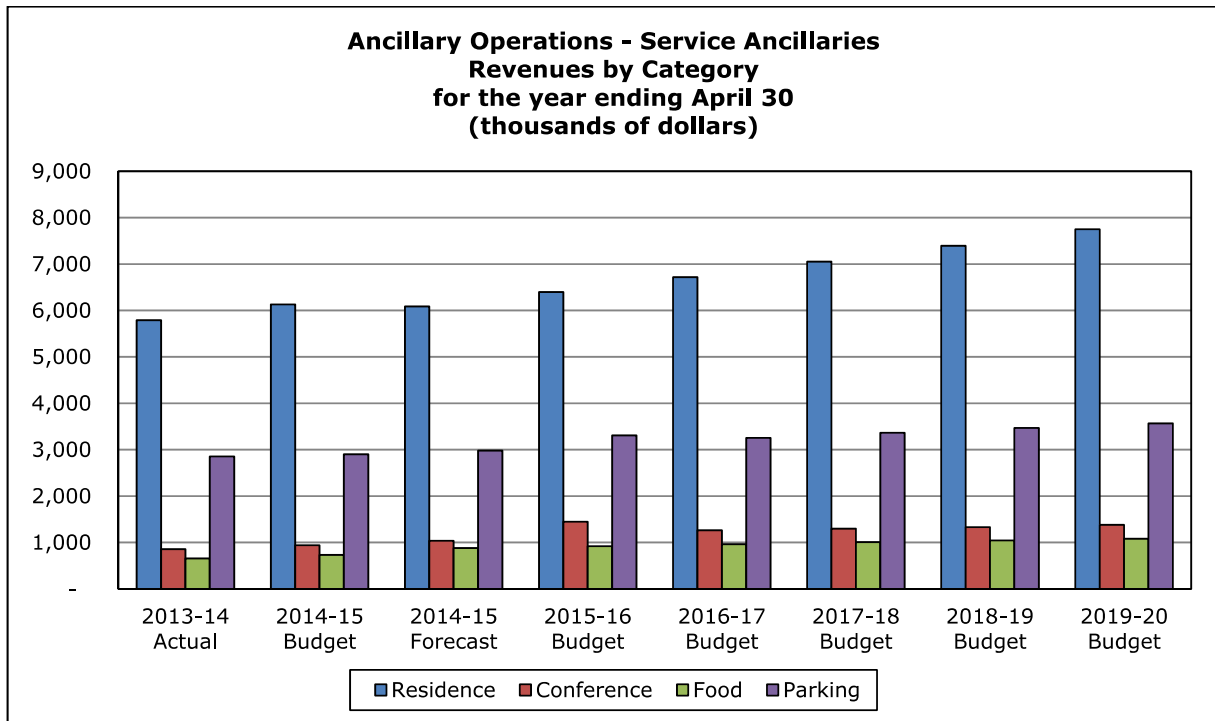


	2013-14 Actual	2014-15 Budget	2014-15 Forecast	2015-16 Budget	2016-17 Budget	2017-18 Budget	2018-19 Budget	2019-20 Budget
Revenues	10,157	10,705	10,985	12,073	12,202	12,721	13,236	13,777
Expenses	9,152	9,593	9,743	10,328	11,115	11,340	11,553	12,246
Net Income	1,005	1,111	1,242	1,745	1,087	1,381	1,683	1,531
% Revenue Δ		5.4%	2.6%	9.9%	1.1%	4.3%	4.0%	4.1%

UTSC service ancillaries are forecasting net income of \$1.2 million before transfers as at April 30, 2015 on projected revenue of \$11.0 million. The forecasted net income represents a \$0.2 million increase from last year's net income of \$1.0 million. Compared to budget, the forecasted net income for 2014-15 is higher by \$0.1 million. This is mainly due to a \$0.2 million favourable variance attributed to Food Services and Conference Services, offset by \$0.1 million adverse variances in

Residence and Parking Services. For the 2015-16 budget, the service ancillaries are anticipating a surplus of \$1.7 million with \$12.1 million of revenues and \$10.3 million of expenses. Compared to the 2014-15 forecast, the \$1.7 million surplus represents an increase of \$0.5 million in net income with an increase of 9.9% in revenues and increase of 6% in expenses.

For 2014-15, the ancillaries are forecasting revenues to be \$0.3 million higher than budget. This is due to Conference Services, Food and Beverage Services, and Parking Services exceeding their revenue targets. Total forecasted revenues for 2014-15 are \$0.8 million higher than 2013-14 actuals.



	2013-14 Actual	2014-15 Budget	2014-15 Forecast	2015-16 Budget	2016-17 Budget	2017-18 Budget	2018-19 Budget	2019-20 Budget
Residence	5,789	6,129	6,088	6,396	6,719	7,050	7,393	7,751
Conference	857	942	1,037	1,447	1,266	1,298	1,332	1,382
Food	658	734	879	920	964	1,006	1,043	1,079
Parking	2,854	2,900	2,980	3,309	3,254	3,366	3,468	3,565
Total Revenue	10,157	10,705	10,985	12,073	12,202	12,721	13,236	13,777
Expenses	9,152	9,593	9,743	10,328	11,115	11,340	11,553	12,246
Net Income	1,005	1,111	1,242	1,745	1,087	1,381	1,683	1,531

The 2015-16 budget is projected to increase by \$1.1 million (9.9%) over the 2014-15 forecast. \$0.3 million of the increase is attributed to Residence (5.1% increase), \$0.4 million to Conference Services (39.5% increase), \$0.3 million to Parking Services (11.0% increase) and \$0.1 million (4.7% increase) to Food and Beverage Services. Revenue increases in Parking and Conference Services are mainly due to business opportunities arising from Pan Am Games.

The long-range plan projects revenues to increase by \$1.67 million from 2015-16 to 2019-20. Of this increase, \$1.4 million will be attributed to Residence, \$0.2 million to Food and Beverage Services, and \$0.3 million to Parking Services. Conference Services revenue will grow by \$0.1 million from 2016-17 to 2019-20, however this ancillary's 2015-16 revenue is higher than the subsequent years due to Pan Am activities in 2015.

a) Residence

Residence revenues are expected to be below the budgeted level in 2014-15. Lower demand for Summer housing (59% occupancy vs. 71% budgeted) was the main reason for this unfavourable variance.

Residence rates are set to increase by 4% in 2015-16, which is expected to drive the overall increase in revenue by \$0.3 million over the 2014-15 forecast. With the higher non-refundable residence deposit, careful waitlist management, and the continued focus on residence life and support programs, the ancillary expects to maintain occupancy at 98%.

The ancillary proposes a 5% increase to all fees from 2016-17 through 2019-20, which will be the main driver of the \$1.4 million revenue increase from 2015-16 to 2019-20. Increases are required in order to reduce unrestricted deficit, contribute to a new building reserve and fund ongoing major maintenance as housing inventory continues to age.

b) Conference Services

Conference revenues are forecasted to exceed the 2014-15 targets by \$0.1 million (10.1%). The ancillary will be able to achieve this mainly due to the growth in the Green Path and FAIR Taiwan programs as well as the other summer accommodation opportunities.

Revenue is expected to increase by 39.5% in 2015-16. Conference Services is projecting revenues from accommodation at UTSC during the Pan Am and Parapan Am Games in 2015 with spaces reserved for support staff and volunteers who will

be coming in early for the set-up. In addition, Conference Services is projecting revenues from a Summer Camp initiative beginning in 2015-16.

Conference Services continues to work on its marketing strategy to attract new business and continue to grow its revenue opportunities. In addition to Pan Am/Parapan Am Games, the operating plan is based on a marketing strategy that targets facility rentals, athletic/youth groups, and full package conference groups. Because of the difficulty in reserving facilities in advance, attaining optimum levels of conference accommodation and facilities rental income will continue to be a challenge for Conference Services.

c) Food and Beverage Services

Food and Beverage Services is expected to exceed the revenue target by \$0.1 million in 2014-15. This is mainly due to the higher commission structure included in the new food services contract with Aramark which started in August 2014.

Food and Beverage Services revenue is expected to increase by 4.7% in 2015-16. The ancillary will continue to improve the client experience and partner with initiatives to generate new revenue opportunities for growth.

The long-range revenue budget is set to increase by \$0.2 million (17.3%) from 2015-16 to 2019-20. The ancillary expects to increase in-store purchases, catering opportunities, and beverage revenues through continued focus on business development, services and expanded product offerings.

d) Parking

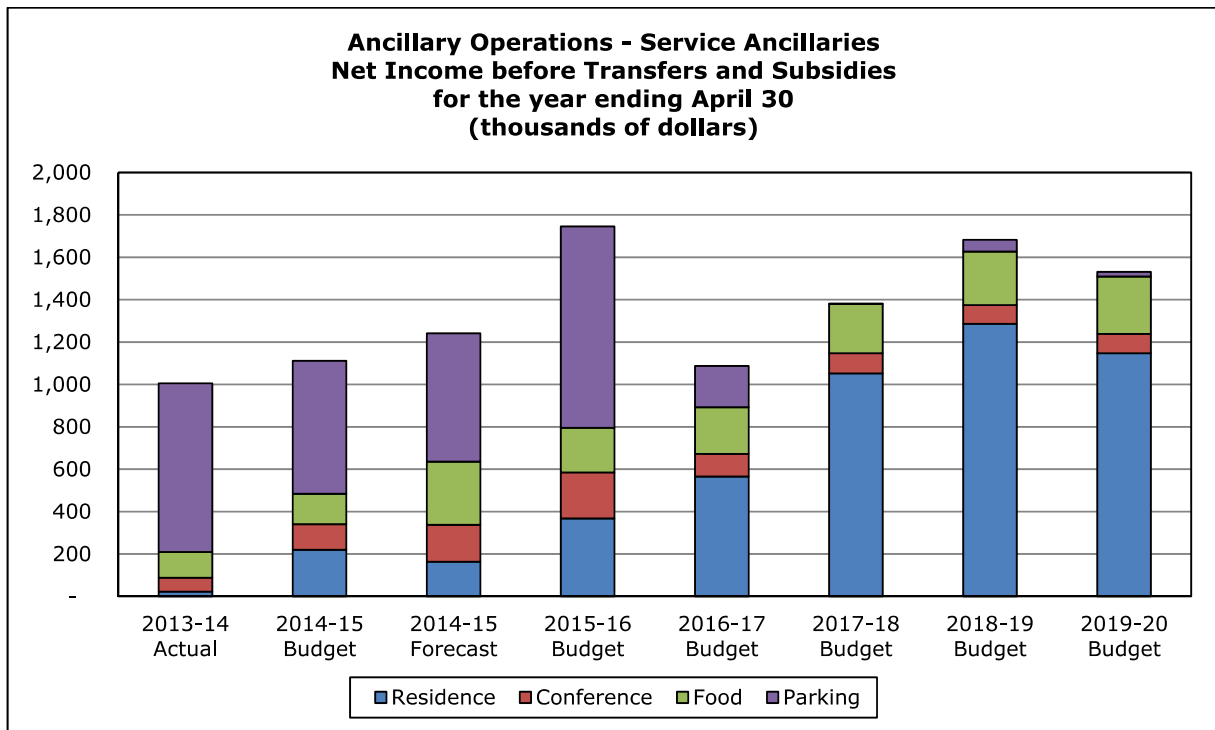
Forecasted revenues are anticipated to exceed the budget by 2.8%. The increase is mainly attributed to increase in Pay & Display Meter Revenue, as a result of continued success in the parking enforcement model. Also, in 2014-15 Parking experienced an unanticipated increase in Cash Fees from the sale of short-term permits to construction contractors.

Permit rate increases of 3% are applied in 2015-16. Revenue will increase by \$0.3 million over 2014-15, mainly from rate increases and anticipated event parking revenue from Pan Am and Parapan Am Games parking. The ancillary anticipates the opportunity to charge market event parking rates due to the expected demand for parking in excess of supply available at the Toronto Pan Am Sports Centre while minimizing any disruption to UTSC and Centennial College parking users. Parking permit rate increases are maintained at 3% over the remainder of the planning

cycle in order to support operations and accumulate reserves in anticipation of construction of a parking structure targeted for 2016-17.

Net Income

The forecasted net income for 2014-15 is \$1.2 million, which is \$0.1 million above budget and \$0.2 million over 2013-14. The main contributors are Food and Beverage Services mainly due to the new commission structure with the contracted food service provider, and Conference Services due to the increased enrollment in the Green Path and FAIR Taiwan programs.



	2013-14 Actual	2014-15 Budget	2014-15 Forecast	2015-16 Budget	2016-17 Budget	2017-18 Budget	2018-19 Budget	2019-20 Budget
Residence	22	220	163	367	565	1,052	1,286	1,147
Conference	66	121	174	217	107	95	89	91
Food	122	143	299	211	220	233	253	271
Parking	796	628	605	950	194	1	56	22
Net Income/(Loss)	1,005	1,111	1,242	1,745	1,087	1,381	1,683	1,531

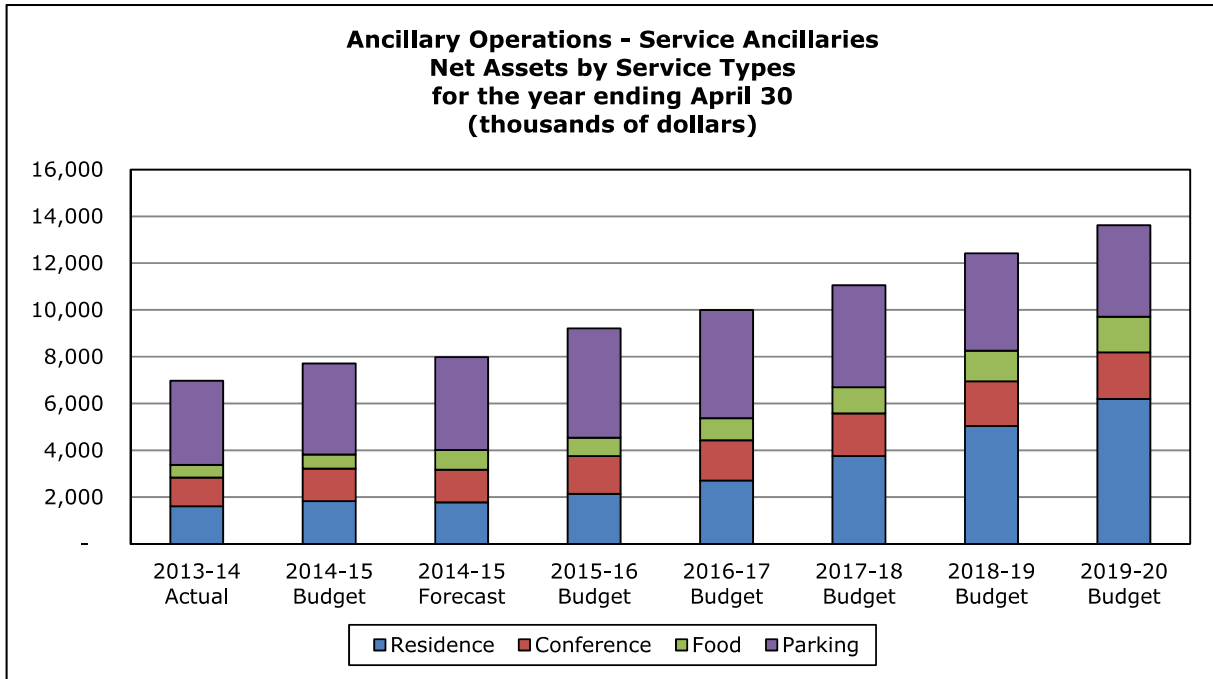
Budgeted net income for 2015-16 is \$0.5 million over the 2014-15 forecast. Conference Services and Parking Services have budgeted significant revenues related to Pan Am Games in 2015-16, which has contributed to this increase. The net income over the next five years is affected by the lower contribution from Parking Services in 2017-18. This is due to Parking Services assuming long-term debt in 2016-17 to finance the construction of a standalone parking structure. Net income in Residence is expected to grow by \$0.8 million (212%) due to Residence fee increases and extinguishing the debt on Phase III in 2016-17.

Net Assets

Net Assets reflect the net worth of the service ancillaries. Over time net assets change due to net income or loss for the year and transfers in and out of the operation. Net assets are recorded in several subcategories and the sum of these various categories represents the total net worth of each ancillary.

- The unrestricted net assets category represents net assets on hand that have not been set aside for any of the specific purposes listed below.
- Various reserves such as the operating reserve, capital renewal reserve and new construction reserve represent net assets that have been set aside for these specific purposes.
- Investment in capital assets represents university funds that have previously been spent on capital assets. When those funds are spent they result in an increase to this category and an offsetting decrease in unrestricted net assets. Over time, depreciation charges cause a decrease in the investment in capital assets category as the depreciation is funded from future revenues, thus increasing the unrestricted net assets category.

The following chart shows the history of actual net assets for service ancillaries from 2013-14 to 2019-20:



	2013-14 Actual	2014-15 Budget	2014-15 Forecast	2015-16 Budget	2016-17 Budget	2017-18 Budget	2018-19 Budget	2019-20 Budget
Residence	1,609	1,829	1,772	2,139	2,705	3,757	5,043	6,190
Conference	1,225	1,386	1,399	1,616	1,723	1,818	1,907	1,998
Food	544	608	842	783	945	1,119	1,313	1,525
Parking	3,599	3,884	3,969	4,676	4,621	4,365	4,155	3,904
Total	6,976	7,707	7,982	9,215	9,993	11,058	12,417	13,617

For 2014-15, the service ancillaries are forecasting total net assets of \$8.0 million. The 2015-16 operating plan projects total net assets of \$9.2 million, the difference coming from the Net Income described above.

The anticipated total net assets of \$9.2 million in 2015-16 are the sum of \$3.2 million investment in capital assets, \$1.0 million commitments to capital renewal, \$1.8 million to operating reserves, and \$4.0 million to new construction reserves partially offset by \$0.8 million in unrestricted deficit.

**Ancillary Operations - Service Ancillaries
Net Assets (Deficit) by Category
for the budget year 2015-16
(thousands of dollars)**

	Unrestricted Surplus/ (Deficit)	Investment in Capital Assets	Capital Renewal Reserve	Operating Reserve	Construction Reserve	Total Net Assets
Residence	(1,301)	2,083	705	653	-	2,139
Conference	-	9	1	724	882	1,616
Food	-	509	7	181	87	783
Parking	502	588	310	276	3,000	4,676
Total	(799)	3,189	1,023	1,833	3,969	9,215

Net assets are expected to grow to \$13.6 million in 2019-20, reflecting an increase of \$4.4 million from 2015-16. This increase consists of \$4.1 million from Residence, \$0.4 million from Conference Services, \$0.7 million from Food and Beverage Services, and a reduction of \$0.8 million in Parking Services.

Residence is projecting that it will clear its unrestricted deficit by 2017-18. Ancillaries with accumulated deficits are charged interest at a variable rate and payable monthly, on their unrestricted deficits. Long-term loans are subject to a fixed rate.

Ancillary Debt

For 2014-15, the service ancillaries are projecting total outstanding debt of \$18.9 million (on original loans issued of \$29.0 million), of which \$13.0 million is attributed to Residence and \$5.9 million attributed to Parking. The estimated principal and interest payments for Residence are expected to be \$1.8 million, which is 29.8% of its revenues. Parking Services' 2014-15 principal and interest payment is \$0.7 million or 22.0% of its revenues. The estimated interest costs for Residence will be \$0.9 million, or 14.8% of revenues and 15.2% of expenses. Parking will incur \$0.4 million of interest expense, which represents 13.2% of its revenues or 16.5% of its expenses.

**Ancillary Operations - Service Ancillaries
Principal Loan Balances
for the years ending April 30
(thousands of dollars)**

	2013-14 Actual	2014-15 Forecast	2015-16 Budget	2016-17 Budget	2017-18 Budget	2018-19 Budget	2019-20 Budget
Residence	13,910	12,992	12,010	11,028	10,330	9,584	8,787
Conference	-	-	-	-	-	-	-
Food	-	-	-	-	-	-	-
Parking	6,162	5,898	5,616	14,238	13,794	13,317	12,807
Total Loan Balance	20,072	18,890	17,626	25,266	24,123	22,901	21,594

In its long-range plan, Parking Services has estimated a down payment of \$3.0 million towards a loan of \$9.0 million in 2016-17 for the investment in a standalone parking structure. At this time, it is estimated that a \$12.0 million structure would construct approximately 500 parking spaces. The ancillary recognizes that the potential cost of the structure could exceed \$12.0 million, depending on the specifications that will be developed through the advisory and capital committee process.

Factors such as enrollment growth, the first year residence guarantee program, demand from upper year students to return to residence, diminishing viability and marketability of aging housing stock, focus on delivering programming and student support, and summer conference growth opportunities have all contributed to an increased desire for a Phase V residence building. This expansion will continue to be a priority and Residence will support the planning and analysis of inventory and financial requirements. Planning for the project will be carried out in 2014-15. At this time financing has not been determined, but Residence is committed to reducing its current unrestricted deficit in support of this initiative.

Review of UTSC Ancillary Operations

UTSC ancillaries are continuing to experience positive growth in each of their service areas. Residence is committed to enhancing its mix of products and services in order to provide an optimal student experience and to support the strategic direction of the University. Conference Services continues to partner with programs and initiatives on campus in order to seize revenue generating opportunities and diversify its portfolio. Food and Beverage Services has partnered with UTSC's One Card Operations in implementing the T-Card+ payment card system by providing strategic support and investment funding in equipment. In 2014-15 the ancillary released a request for proposal for a food contractor and awarded the contract to

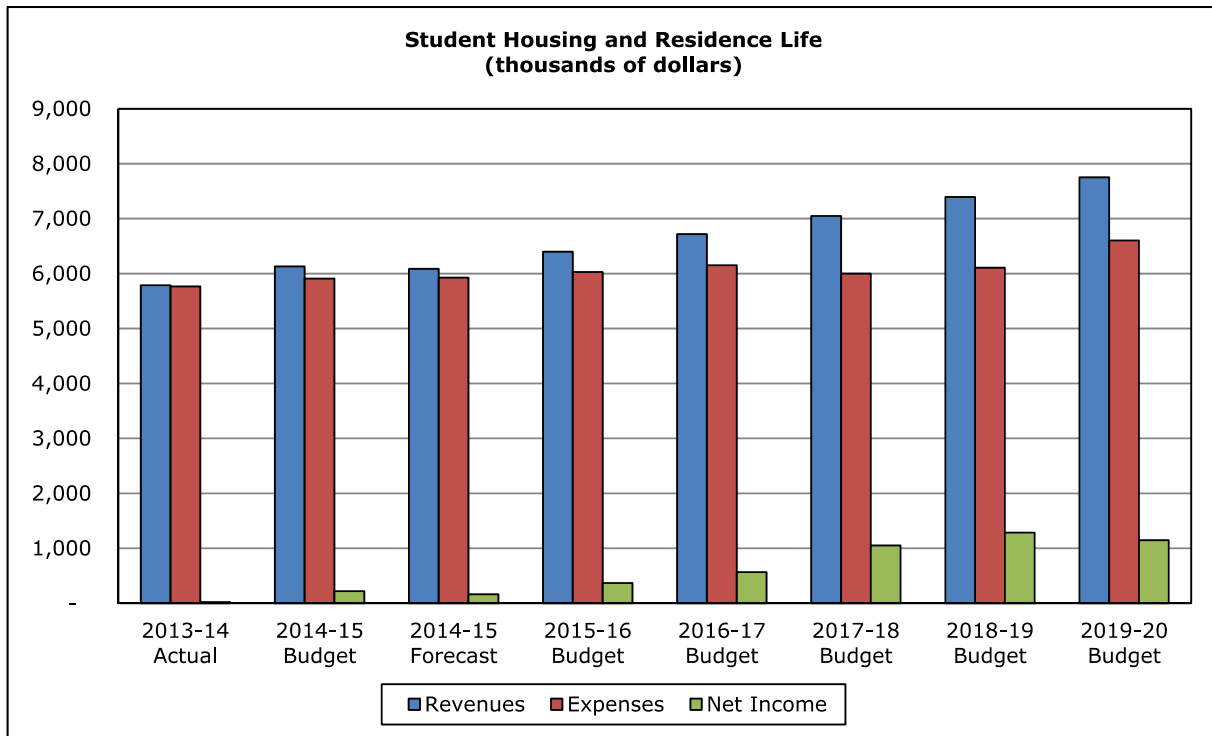
Aramark, which resulted in changes to the existing commission structure. Parking continues to improve services and upgrade facilities that accommodate UTSC students, staff, faculty, and visitors, as well as those parking at Centennial College Morningside Campus.

a) **Residence**

Residence bed inventory is stable with an occupancy rate of 96%. The ancillary continues to enhance its community development model for residence life programs, and has realized an increase in student satisfaction rates.

Student Housing and Residence Life provides 767 beds in 114 townhouses and 56 apartments. Five houses and one apartment are specifically designed to meet the needs of students with disabilities. First year residents have outnumbered upper year residents as of 2006-07, and continued campus growth indicates that this trend will continue. Over the last five years, international students have made up 32% to 39% of the Residence population. Residence is expecting to see a large international population continue to contribute to its diverse community as international recruitment targets and initiatives continue to grow.

Key accomplishments in 2014-15 include: repaired a major section of the Joan Foley Hall roof in Summer 2014 (\$0.3 million project); launched the monitoring of the new wireless smoke detector system, leading to further integration of work between Residence and UTSC Community Police; growth in academic initiatives and creation of the Academic Initiatives Working Group; the development of off-campus housing services with plans to increase both tenant and landlord engagement and education; successful summer partnership with Retail and Conference Services, including minimal disruption and improved operations; increased student satisfaction rates over the prior year that reflect more effective studying in residence, facilities repair response time, and overall improved value of the residence experience.



	2013-14 Actual	2014-15 Budget	2014-15 Forecast	2015-16 Budget	2016-17 Budget	2017-18 Budget	2018-19 Budget	2019-20 Budget
Revenues	5,789	6,129	6,088	6,396	6,719	7,050	7,393	7,751
Expenses	5,767	5,909	5,925	6,029	6,153	5,998	6,107	6,604
Net Income	22	220	163	367	565	1,052	1,286	1,147
% Revenue Δ		5.9%	(0.7)%	5.1%	5.0%	4.9%	4.9%	4.9%

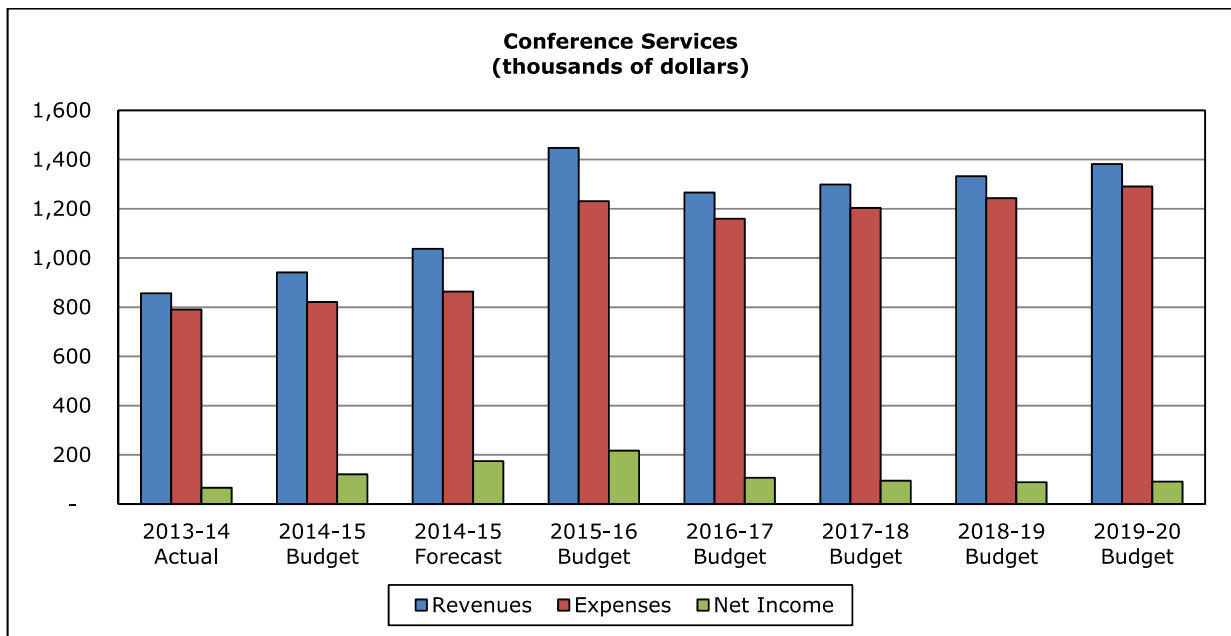
The ancillary is forecasting net income of \$163k in 2014-15, which is \$57k (or 25.9%) lower than budget. The unfavourable outcome is due to lower Summer occupancy than anticipated (59% occupancy vs. 71% budgeted) and higher utilities expenses. The decline in Summer residence fee revenue was partially offset by an increase in forfeited deposits, resulting in a \$41k decrease in revenues. Utilities expense increased due to the difference between the budgeted hydro rate and the forecasted hydro rate with rates expected to increase by 12%.

In 2015-16 Residence is projecting \$367k of net income, mainly driven by a 4% residence fee increase and 98% occupancy. Net assets will be \$2,139k with an unrestricted deficit of \$1,301k, a capital renewal reserve of \$705k, operating reserve of \$653k, and investment in capital assets of \$2,083k.

The ancillary expects to clear the unrestricted deficit by 2017-18 as well as build a reserve for new construction. This will be achievable through steady residence fee increases through to 2019-20. The debt on Phase III will also be cleared in 2016-17, which will free up income to contribute to the new construction reserve. Major maintenance projects will be planned and assessed accordingly over the planning period. Major projects include replacement of hydro meter transmitters in Phase I, II and III, and painting and carpeting of several sections in Phase I, II, III and IV, replacement of section of the Phase IV - Foley Hall roof, and walkway repairs. Net assets are expected to reach \$6,190k in 2019-20.

b) **Conference Services**

Conference Services continues to benefit from growth in international recruitment programs, specifically Green Path and FAIR Taiwan, which was introduced last year. The success of these programs is important to the success of this ancillary; however, revenue generation through diversification is necessary to capitalize on the growth expected on campus. Campus facilities are highly utilized for academic purposes; therefore, only modest opportunities to secure classrooms for extracurricular use are possible. Diverse housing stock would also attract new conference business that prefers non-townhouse style accommodation. In the meantime the ancillary is focusing on maximizing non-Green Path and FAIR Taiwan accommodation in summer. The ancillary also collaborated with Athletics in bringing the National Wheelchair Basketball training camps as it continues to partner with campus initiatives to create new revenue opportunities. Partnering with Toronto Pan Am Sports Centre (TPASC) to bring in new business is also explored.



	2013-14 Actual	2014-15 Budget	2014-15 Forecast	2015-16 Budget	2016-17 Budget	2017-18 Budget	2018-19 Budget	2019-20 Budget
Revenues	857	942	1,037	1,447	1,266	1,298	1,332	1,382
Expenses	791	821	863	1,230	1,159	1,203	1,243	1,291
Net Income	66	121	174	217	107	95	89	91
% Revenue Δ		9.9%	10.2%	39.5%	(12.5)%	2.6%	2.6%	3.7%

The forecasted operating results in 2014-15 is \$174k, which is \$53k (or 43.8%) higher than the \$121k budget. This is mainly due to revenue from accommodations. The success of the Green Path program, along with other summer accommodation programs brought in \$34k more than budgeted. Other contributors to the positive variance are savings in casual wages as provision for additional summer conference support staff was not realized and savings in salaries and benefits.

The 2015-16 plan shows a surplus of \$217k, which is \$43k (or 24.7%) over the 2014-15 forecast. Net assets will be \$1,616k, with a new construction reserve of \$882k, operating reserve of \$724k, investment in capital assets of \$9k, and a minimal capital renewal reserve. The above surplus is mainly attributed to accommodation revenues through partnership initiatives with the Pan Am Games, partially offset by related accommodation expenses. The ancillary will also introduce a new Summer Camp initiative beginning in 2015-16. In summer 2015, Conference Services will be providing an Arts and Science camp for the community. The summer camp operation is expected to break-even.

By 2019-20, Conference Services expects to accumulate net assets of \$1,998k, which represents \$1,298 towards the new construction reserve, \$691k operating reserve, \$8k investment in capital assets, and a minimal capital renewal reserve. The ancillary will concentrate on developing a greater market share of business, refining the current services provided, controlling operating expenses, improving computing capabilities, developing a revised operating and marketing plan for the summer operation, and weekend facility bookings. Along with the above objectives, the long range plan will include exploring new partnerships and new programs with a focus on diversifying the portfolio.

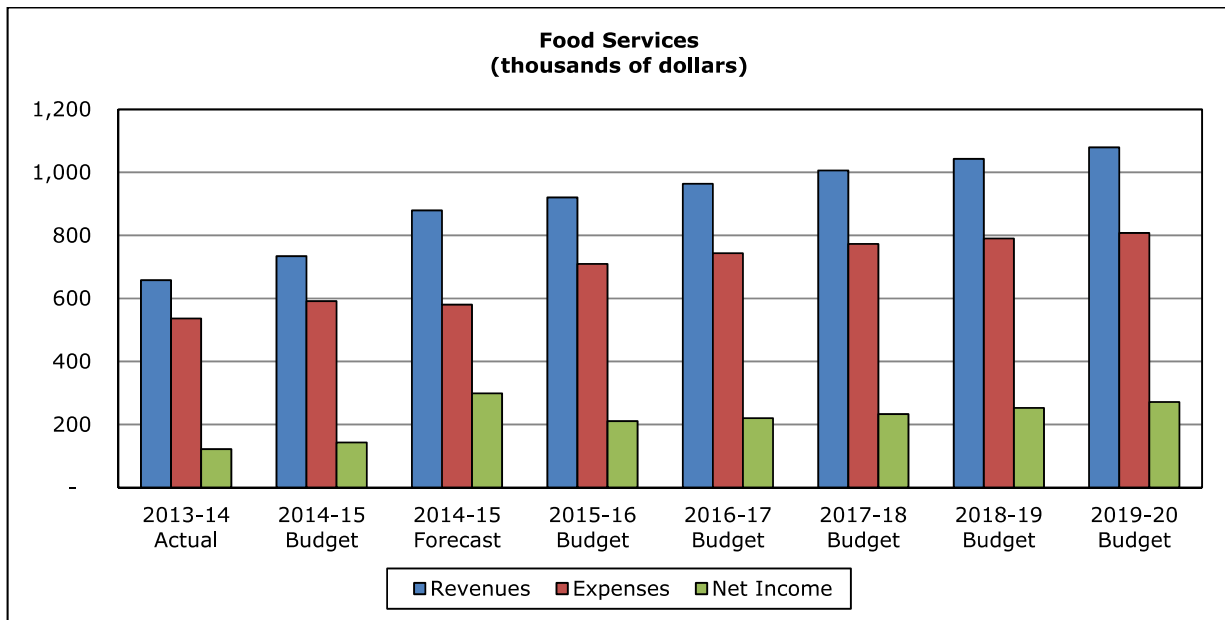
c) **Food and Beverage Services**

Food Services involves nine retail offerings in the H-Wing Marketplace, the Beechgrove Café (Social Sciences Building) a Starbucks Café and two Tim Horton's outlets. There is also a unit, which is leased to an external operator, La Prep Café. Operations in the H-Wing Marketplace, Beechgrove Café, Starbucks

and the two Tim Horton’s units have been contracted out to Aramark. Food and Beverage Services is a participant in the University wide food policy working group and has introduced a number of programs in conjunction with all campuses. These include the bottle-free water initiative, the halal standards program developed by the University, and encouraging the sourcing of locally produced products.

Recognizing the ancillary’s ability to meet the needs of users on campus, operational changes have been made to reflect the growth in the campus population, preference for high profile franchise brands, and diverse dietary requirements, resulting in various transformations over the years that have moved away from traditional institutional services. With capital provided by Aramark under the food service agreement, the H-Wing food court was renovated to provide for new concepts, a fresher look (including electronic menus) and greater efficiency.

Food has partnered with UTSC's One Card Operation's T-Card+ campus card payment system providing marketing support and investment in equipment.



	2013-14 Actual	2014-15 Budget	2014-15 Forecast	2015-16 Budget	2016-17 Budget	2017-18 Budget	2018-19 Budget	2019-20 Budget
Revenues	658	734	879	920	964	1,006	1,043	1,079
Expenses	536	591	580	710	743	773	790	808
Net Income	122	143	299	211	220	233	253	271
% Revenue Δ		11.6%	19.7%	4.7%	4.7%	4.4%	3.6%	3.5%

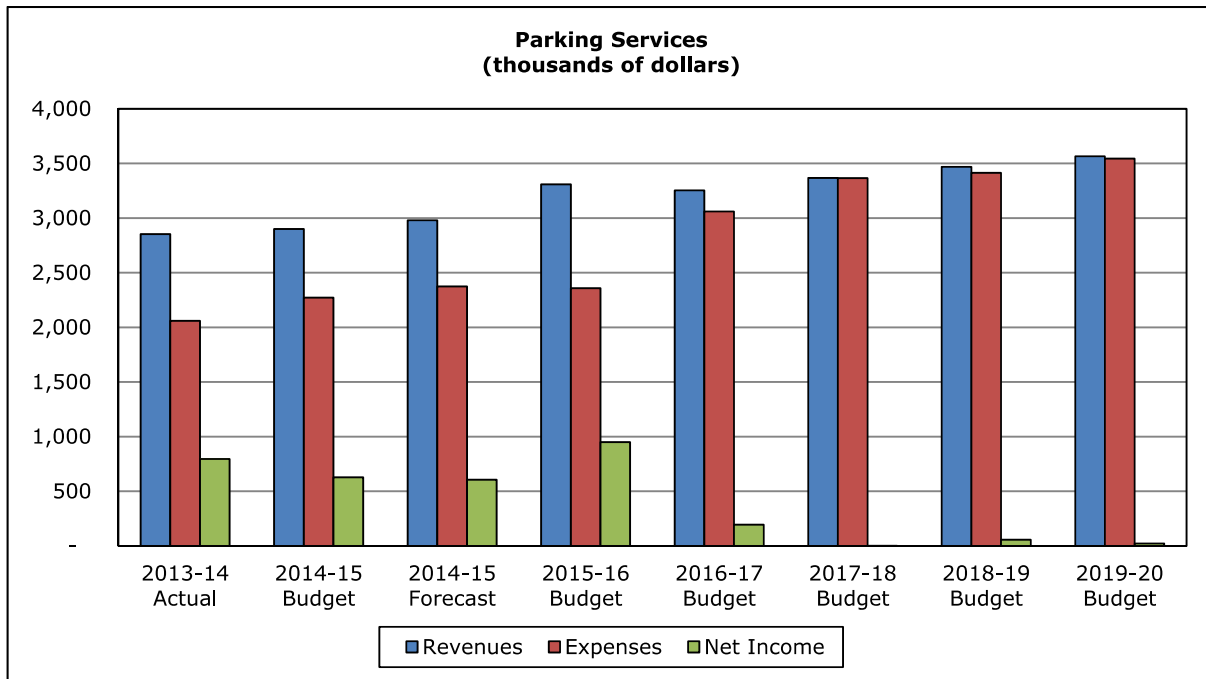
The ancillary is forecasting net income of \$299k, which is \$156k (or 109.1%) higher than budget. This favourable variance is the result of higher commission rate under the new contracted food agreement, as well as higher sales volume due to increased use of T-Card+ payment system, opening of new outlets, and improvement in service and menu offerings.

The ancillary is budgeting a net surplus of \$211k in 2015-16, a 29.4% decline due to the projected hiring of a Food Services Supervisor to manage day to day food operations. Food Services is budgeting net revenues of \$920k, an increase of 4.7%. Factors contributing to the increase include increased enrollment and continued growth in catering sales and beverage sales. Net assets are projected to be \$783k with \$509k investment in capital assets, \$181k operating reserves, \$87k in construction reserves, and \$7k maintained in capital renewal reserves. The ancillary plans to introduce a food truck run by Aramark which will raise an opportunity for expanding food use for valley events and other catering functions.

Net assets are expected to reach \$1,525k in 2019-20 with \$883k allocated to the construction reserve. In the long run, Food and Beverage Services plans for its growth through additional outlets as new buildings are constructed on campus.

d) [Parking Services](#)

The mission of Parking Services is to provide quality parking facilities and services in a safe, effective environment. It offers users year-round controlled access to parking to the UTSC and Centennial College Morningside Campus communities. There are 338 spaces in the South Campus (inner) Lots and 2,299 North Campus (outer) Lots in 2014-15. The ancillary continues to support the various ways staff, faculty, and students can access the campus, which includes the East Arrival Court bus loop that allows greater flow and frequency of public transportation, and connection with GO transit, Durham Region, York Region, and TTC.



	2013-14 Actual	2014-15 Budget	2014-15 Forecast	2015-16 Budget	2016-17 Budget	2017-18 Budget	2018-19 Budget	2019-20 Budget
Revenues	2,854	2,900	2,980	3,309	3,254	3,366	3,468	3,565
Expenses	2,058	2,272	2,375	2,359	3,060	3,365	3,413	3,543
Net Income	796	628	605	950	194	1	56	22
% Revenue Δ		1.6%	2.8%	11.0%	(1.7)%	3.5%	3.0%	2.8%

Parking is forecasting a surplus of \$605k, which is \$23k (3.6%) below budget, despite revenues exceeding budget by \$80k. Pay and Display Meter Revenue is forecasted to exceed targets by \$82k due to increased payment compliance attributed to consistent parking enforcement provided by the City of Toronto. These gains are offset by the cost of refurbishing parking lot F in summer 2014.

The 2015-16 budget includes a 3% permit price increase for all categories of UTSC permits and no change to cash rates. Parking Services is projecting a \$950k surplus of which \$242k will be transferred to UTSC's operating budget. Parking Services anticipates a significant increase in Pay and Display Meter Revenue in 2015-16 due to event parking during the Pan Am Games. Net Assets will be \$4,676k with \$3,000k in the construction reserve, \$588k investment in capital assets, \$502k unrestricted surplus, \$310k capital renewal reserve and \$276k operating reserve.

Over the next five years, it is anticipated that future campus growth, as outlined in the Campus Master Plan, will have an impact on surface parking at UTSC. A

standalone parking structure is being considered to replace surface lots, which may be used to support the construction of new buildings and fulfilling by-law requirements. Based on assumptions and projections applied in the 2015-16 budget model, the maximum contribution the ancillary can fund is a \$3.0 million down payment toward a \$9.0 million loan in 2016-17. Planning will continue in 2015 and at this time, the ancillary recognizes that the down payment and cost of the structure could differ from original estimates depending on specifications determined through the advisory and capital committee process.

The long-range budget was prepared to ensure the ancillary will remain fully self-funded and continue to provide efficient and quality services. Parking anticipates positive results with net assets of \$3,904k in 2019-20.

Review and Consultation Process

The UTSC Campus Affairs Committee will make recommendations to the UTSC Campus Council on annual budgets related to service ancillaries. The budgets approved by Campus Council require confirmation by the Executive Committee of Governing Council. Those plans include a Management Report that describes the proposed services and programs offered within the financial parameters of the University's operating budget and financial policies set by the Business Board. The plans also include each ancillary's annual operating budget, as well as changes to program and levels of service, categories of users, accessibility, and compulsory or optional fees. This year, the plans will report on actual financial results for 2013-14, the forecast for 2014-15, and projections for the five year period, 2015-16 to 2019-20. Only the proposed budget for 2015-16 is presented for approval.

With the new governance structure now in place, a number of bodies or groups continue to be involved in consultative processes for the ancillaries prior to submission of operating plans to the Campus Affairs Committee.

Student / Local Committees and Councils

The Residence operating plan was reviewed by the Student Housing Advisory Committee (SHAC) during meetings in the fall semester of 2014. Members supported the plans for the 2015-16 budget. SHAC provides students with an opportunity to learn about current operations and future plans in residence and off campus housing services. Students advise the department on the student experience, services, policies, procedures, budget issues and residence fees. The committee is comprised of residents at large, students living off campus in rental accommodation, a residence advisor, Scarborough Campus Residence Council President, elected members of the Scarborough Campus Students' Union (SCSU)

and the Director, Student Housing and Residence Life. The department also communicates and meets regularly with the Scarborough Campus Residence Council to share information, receive input and collaborate on programs.

Food Services gathers various representatives from the UTSC community including academic staff and faculty, administration, students, and representatives from Aramark and the SCSU to form the Food User Committee. This committee meets throughout the year to discuss operational matters including hours of operation, product offerings, services, general business, and formulation of focus groups. Also, social media is monitored for comments and suggestions and any concerns are immediately addressed.

Parking Services holds quarterly meetings of the Parking Advisory Review Committee (PARC). Additional meetings are scheduled from time to time should management wish to consult with community's representatives about specific initiatives. Advisory in nature, this committee's mandate include; representing various sectors of the University community and bringing forward parking concerns to the attention of Parking Services management, reviewing and advising on new initiatives presented by Parking Services management, evaluating these initiatives and potential impact on parking users within the University community, and serving as a general means of communication between the University community and Parking Services management on matters related to parking on campus. There is cross-representation of the campus community on the committee including students, faculty, staff, event hosts, visitor hosts, students in residence, and persons requiring accessible parking.

The University of Toronto Financial Services Department (FSD) also conducts a review of UTSC's proposed operating plans and management reports submitted by each ancillary. Issues requiring further attention are identified by FSD to be addressed by the ancillaries.

University of Toronto Scarborough
Service Ancillary Operations Budget Summary
Projected Operating Results for the year ending April 30, 2016
 (with comparative projected surplus for the year ending April 30, 2015)
 (thousands of dollars)

	Revenues	Expenses	Net Income before Transfers	Transfers in/(out)	Net Income after Transfers 2016	Net Income after Transfers 2015
Residence	6,396	6,029	367	-	367	163
Conference	1,447	1,230	217	-	217	174
Food	920	710	211	(270)	(59)	299
Parking	3,309	2,359	950	(242)	707	370
Total	12,073	10,328	1,745	(512)	1,232	1,006

Summary of Long-Range Budget Results
(thousands of dollars)

Service Ancillary	Objectives to be met within 2015-16				2015-16					2015-16	2017-18	2019-20
	1	2	3	4	Unrestricted Surplus / (Deficit)	Projected Investment in Capital Assets	Projected Commitments to Capital Renewal (Sch 3.1)	Projected Operating Reserve (Sch 3.2)	Projected Construction Reserve (Sch 3.2)	Net Assets	Net Assets	Net Assets
Residence	Yes	Yes	Yes	No	(1,301)	2,083	705	653	-	2,139	3,757	6,190
Conference	Yes	Yes	Yes	No	-	9	1	724	882	1,616	1,818	1,998
Food	Yes	Yes	Yes	No	-	509	7	181	87	783	1,119	1,525
Parking	Yes	Yes	Yes	No	502	588	310	276	3,000	4,676	4,365	3,904
	Total				(799)	3,189	1,023	1,833	3,969	9,215	11,058	13,617

University of Toronto Scarborough
Service Ancillaries Operations Budget Summary
Projected Funds to be Committed for Capital Renewal
(for the years ending April 30)
(thousands of dollars)

	<u>Balance May 1, 2015</u>	<u>Net Increase / (Decrease) in Commitments to Capital Renewal</u>	<u>Balance April 30, 2016</u>	<u>Balance April 30, 2020</u>
Residence	742	(37)	705	543
Conference	1	-	1	1
Food	7	-	7	7
Parking	<u>327</u>	<u>(17)</u>	<u>310</u>	<u>338</u>
Total	<u>1,076</u>	<u>(54)</u>	<u>1,023</u>	<u>889</u>

University of Toronto Scarborough
Service Ancillaries Operations Budget Summary
Projected Funds to be Committed for Operating and New Construction Reserves
 (for the years ending April 30)
 (thousands of dollars)

	OPERATING RESERVE				NEW CONSTRUCTION RESERVE			
	Balance May 1, 2015	Increase / (Decrease) in Reserve	Balance April 30, 2016	Balance April 30, 2020	Balance May 1, 2015	Increase / (Decrease) in Reserve	Balance April 30, 2016	Balance April 30, 2020
Residence	618	35	653	791	-	-	-	2,793
Conference	519	205	724	691	873	9	882	1,298
Food	173	8	181	212	396	(309)	87	883
Parking	249	27	276	297	2,783	217	3,000	306
Total	1,558	275	1,833	1,991	4,052	(83)	3,969	5,280

**University of Toronto Scarborough
Service Ancillaries Operations Budget Summary
Projected Operating Results**
(for the years ending April 30)
(thousands of dollars)

Service Ancillary	2014-15 Forecast			2015-16 Budget			2016-17 Budget		
	Net Income (Loss) Before Transfers	Transfers In / (Out)	Net Income (Loss) After Transfers	Net Income (Loss) Before Transfers	Transfers In / (Out)	Net Income (Loss) After Transfers	Net Income (Loss) Before Transfers	Transfers In / (Out)	Net Income (Loss) After Transfers
Residence	163	-	163	367	-	367	565	-	565
Conference	174	-	174	217	-	217	107	-	107
Food	299	-	299	211	(270)	(59)	220	(59)	162
Parking	605	(235)	370	950	(242)	707	194	(250)	(55)
Total	1,242	(235)	1,006	1,745	(512)	1,233	1,087	(308)	778

Service Ancillary	2017-18 Budget			2018-19 Budget			2019-20 Budget		
	Net Income (Loss) Before Transfers	Transfers In / (Out)	Net Income (Loss) After Transfers	Net Income (Loss) Before Transfers	Transfers In / (Out)	Net Income (Loss) After Transfers	Net Income (Loss) Before Transfers	Transfers In / (Out)	Net Income (Loss) After Transfers
Residence	1,052	-	1,052	1,286	-	1,286	1,147	-	1,147
Conference	95	-	95	89	-	89	91	-	91
Food	233	(59)	174	253	(59)	194	271	(59)	212
Parking	1	(257)	(256)	56	(265)	(209)	22	(273)	(251)
Total	1,381	(316)	1,065	1,683	(324)	1,359	1,531	(332)	1,199

University of Toronto Scarborough
Service Ancillaries Operations Budget Summary
Summary of 2015-16 Capital Budgets
 (with comparative figures for 2014-15)
 (thousands of dollars)

	2014-15 Budget	2015-16 Budget
Residence	387	530
Conference	-	6
Food	237	321
Parking	246	78
Total	870	935

Schedule of 2015-16 Ancillary Rates

<u>Residence</u>	<u>2014-15</u>	<u>% Δ</u>	<u>2015-16</u>	<u>Inc. / (Dec.) per Month</u>
<i>Fall/Winter Rates</i>				
Phase I - III single	\$ 7,285	4.0%	\$ 7,577	\$ 36.43
Phase IV single	\$ 7,960	4.0%	\$ 8,279	\$ 39.80
Phase I - III shared	\$ 5,394	4.0%	\$ 5,610	\$ 26.97
Phase I - III shared basement	\$ 4,855	4.0%	\$ 5,049	\$ 24.28
<i>Summer Rates</i>				
Phase I-III (academic term May 8 - August 27)	\$ 3,484	4.0%	\$ 3,623	\$ 46.45
Visitor Weekly Rate	\$ 218	4.0%	\$ 226	
Ph IV-Foley Hall (academic term May 8 - August 27)	\$ 3,734	4.0%	\$ 3,883	\$ 49.78
Visitor Weekly Rate	\$ 233	4.0%	\$ 243	

Schedule of 2015-16 Ancillary Rates

Parking	2014-15 Approved	2015-16 Proposed	% Δ	\$ Change per mo.	Notes
PERMITS:					
<u>South (Inner) Lots:</u>					
Annual, South Lot Employee Premium	\$ 1,086.70	\$ 1,119.30	3%	or... \$ 2.72	...per month
Annual, South Lot Employee Reserved	\$ 1,445.32	\$ 1,488.68	3%	or... \$ 3.61	...per month
Annual, Lot E Employee	\$ 978.04	\$ 1,007.38	3%	or... \$ 2.45	...per month
Summer Term	\$ 217.35	\$ 223.87	3%	or... \$ 0.54	...per month
Residence, Fall/Winter Term	\$ 769.35	\$ 792.43	3%	or... \$ 1.92	...per month
Residence, Summer Term	\$ 192.35	\$ 198.12	3%	or... \$ 0.48	...per month
Evening Payroll, Employee Annual	\$ 501.59	\$ 516.64	3%	or... \$ 1.25	...per month
Athletics Members	\$ -	\$ -	0%	\$ -	...per permit A
Athletics Sunday Leagues	\$ -	\$ -	0%	\$ -	...per permit A
<u>North (Outer) Lots:</u>					
Annual North Lot, Premium (Lot H)	\$ 919.53	\$ 947.12	3%	or... \$ 2.30	...per month
Annual North Lot, Payroll Employee	\$ 835.94	\$ 861.02	3%	or... \$ 2.09	...per month
Student, Fall/Winter	\$ 668.26	\$ 688.31	3%	or... \$ 1.67	...per month
Outer, Fall or Winter Term	\$ 374.23	\$ 385.45	3%	or... \$ 0.94	...per month
Summer Term	\$ 167.67	\$ 172.70	3%	or... \$ 0.42	...per month
Centennial Permit (September to May, sold to Centennial)	\$ 719.02	\$ 754.97	5%	or... \$ 3.00	...per month B
Centennial Summer Permit	\$ 359.51	\$ 377.48	5%	or... \$ 1.50	...per month B
CASH PARKING:					
<u>South (Inner) Lots:</u>					
Daily maximum rate - short-term and visitors	\$ 12.00	\$ 12.00	0%	\$ -	
Evening - flat rate	\$ 6.00	\$ 6.00	0%	\$ -	
Summer conference - daily rate	\$ 5.40	\$ 5.40	0%	\$ -	
Summer conference - youth bed rate	\$ 1.20	\$ 1.20	0%	\$ -	
<u>Instructional Center Lot G</u>					
Hourly Rate, day	\$ 3.00	\$ -	100%	\$ -	C
Flat Rate, Evening	\$ 6.00	\$ -	100%	\$ -	
Flat Rate, Weekend	\$ 5.00	\$ -	100%	\$ -	
<u>Instructional Center Lot H</u>					
Flat Rate, Day	\$ 10.00	\$ 10.00	0%	\$ -	
Flat Rate, Evening	\$ 5.00	\$ 5.00	0%	\$ -	
Flat Rate, Weekend	\$ 4.00	\$ 4.00	0%	\$ -	
<u>Lots 4 and 5 (North Lots):</u>					
Flat Rate, Day	\$ 7.50	\$ 7.50	0%	\$ -	
Flat Rate, Evening	\$ 4.00	\$ 4.00	0%	\$ -	
Flat Rate, Weekend	\$ 2.00	\$ 2.00	0%	\$ -	
<u>Daily Visitor Event Rate (various locations)</u>					
Event Parking Rate	\$2.00 - \$20.00	Market Pricing			D
NOTES:					
A. In 2014, Athletics moved to Toronto Pan Am Sports Centre, member parking revenue to go to TPASC.					
B. The annual percentage increase of 5% is part of the parking agreement between UofT Scarborough and Centennial College.					
C. Lot G is construction site for Environmental Science and Chemistry Building					
D. Event parking would be based on market pricing.					