



FOR CONFIRMATION

PUBLIC

CLOSED SESSION

TO: Executive Committee

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DATE: January 30, 2014 for March 27, 2014

AGENDA ITEM: 5 (f.)

ITEM IDENTIFICATION:

2014-15 Operating Plans: UTM Service Ancillaries

JURISDICTIONAL INFORMATION:

Under Section 5.3.1.b, of the Campus Affairs Committee Terms of Reference, Campus Affairs Committee “considers and recommends to the UTM Council for approval the operating plans for the campus and student services ancillaries”.

GOVERNANCE PATH:

1. Campus Affairs Committee [For Recommendation] (January 8, 2014)
2. UTM Campus Council [For Approval] (February 6, 2014)
3. University Affairs Board [For Information] (March 18, 2014)
4. **Executive Committee [For Confirmation] (March 27, 2014)**

PREVIOUS ACTION TAKEN:

The 2013-14 UTM service ancillaries were approved by UTM’s previous governance bodies, the Resource Planning and Priorities Committee (November 26, 2012) and Erindale College Council (January 14, 2013). They received final consideration and approval at the University Affairs Board (March 19, 2013), as part of the university’s overall service ancillary operating plans.

The Campus Affairs Committee, at its January 8, 2014 meeting considered and recommended this proposal for UTM Campus Council consideration.

HIGHLIGHTS:

The UTM Campus Affairs Committee approves operating plans for all UTM service ancillaries on an annual basis. These 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 include actual financial results for the 2012-13 fiscal year, the forecast for 2013-14 and projections for the five year period, 2014-15 to 2018-19. Only the proposed budget for 2014-15 is presented for approval.

Consultation:

With the new governance structure now in place, a number of bodies or groups continue to be involved in consultative processes for major ancillaries prior to the operating plans being submitted to the Campus Affairs Committee. The Student Housing & Residence Life operating plan is reviewed by the Student Housing Advisory Committee (SHAC) that includes membership from all residence constituencies, including graduate and undergraduate students in residence, families in residence, student staff in residence as well as representation from UTM's undergraduate Residence Council. Food Services is reviewed by the Food Service Advisory Committee with membership of students (undergraduate, graduate, UTMSU, Residence Council), faculty and staff. Details of the Meal Plan component of Food Services is also reviewed by the Resident Student Dining Committee drawing membership from each of the residences (including first and upper year townhouse clusters). The Parking operating plan is reviewed by the Transportation & Parking Advisory Committee that includes undergraduate and graduate students, faculty and staff.

All of the advisory committees¹ (Student Housing, Food Services and Transportation & Parking) were provided with an opportunity to review and give feedback on their respective ancillary's management plans, proposed rates and financials. While most of the discussion focused on the proposed 2014-15 year, long term budget projections were also provided. The advisory committees had detailed discussions of the issues affecting each ancillary, including the following: the mandatory nature of the Meal Plan, the need for building a reserve for an extension onto the existing parking deck, the management of parking supply and demand, balancing proposed residence rate fee increases with maintenance and programming, and sustaining residence guarantees for new and international students. There was general support and no objections to any of the ancillaries' proposed 2014-15 operating plans. In addition, the ancillary operating plans and management reports were reviewed by the University of Toronto Financial Services Department (FSD).

Service Ancillaries Overview:

The service ancillaries include the Student Housing & Residence Life (residence), conference, food and parking services at UTM. These operations are currently experiencing the effects of the continued growth in enrolment on campus in different ways. All of the UTM ancillaries operate without subsidy except for Conference services, which has a budgeted deficit for 2014-15. The Residence operation is well on its way to achieving the challenging financial plan necessary to

¹For more information on Terms of Reference (including membership) of these committees, please go to: <http://www.utm.utoronto.ca/governance/governance/advisory-committees-terms-reference>.

recover from large investments in new residences, the last of which were built in 2003 and 2007. Conference Services has been and continues to be challenged by a reduction in space available in which to operate. Food Services continues to make further, large investments in outlets to service the growing population and Parking perseveres in providing adequate inventory at peak times while continuing to save for an expansion of the existing parking deck, the need for which is expected in 2016-17.

2014-15 Service Ancillary Operating Plans and Budgets:

The 2014-15 budget incorporates a \$0.8 million (4.5%) increase in revenues of which \$0.6 million (5.0%) is from Residence; \$0.1 million (5.8%) is from Food Services; Parking Services anticipates an increase of \$0.1 million (3.0%).

Service Ancillary Capital Budgets:

Facilities improvements and equipment purchases, which can include everything from a stove to a roof replacement, total \$1.399 million for Residence and \$0.35 million for Food Services in 2014-15.

2014-15 Service Ancillary Rates and Fees:

The 2014-15 parking budget includes a 3% permit price increase. There is no price increase planned for Pay & Display rates. Residence rates are set to increase by 5% in 2014-15. Meal plan rates are set to increase on average by 2.7% (a detailed breakdown of rate increases can be found in schedule 6).

These budgets and rates provided for approval for 2014-15, are reasonable given the ongoing challenges facing the ancillaries, with the understanding that there will be continuing work to address various issues.

FINANCIAL IMPLICATIONS:

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

RECOMMENDATION:

Be It Confirmed

THAT, the proposed 2014-15 Operating Plans and Budgets for the UTM Service Ancillaries, as summarized in Schedule 1, the service ancillary capital budgets as summarized in Schedule 5, and the rates and fees in Schedule 6, as recommended by Mr. Paul Donoghue, Chief Administrative Officer, in the proposal dated December 9, 2013 be approved, effective May 1, 2014.

DOCUMENTATION PROVIDED:

UTM Service Ancillary Report on Operating Plans 2014-15 (December 9, 2013).



UNIVERSITY OF
TORONTO
MISSISSAUGA

Service Ancillary Report on Operating Plans

2014-15

December 9, 2013

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Summary

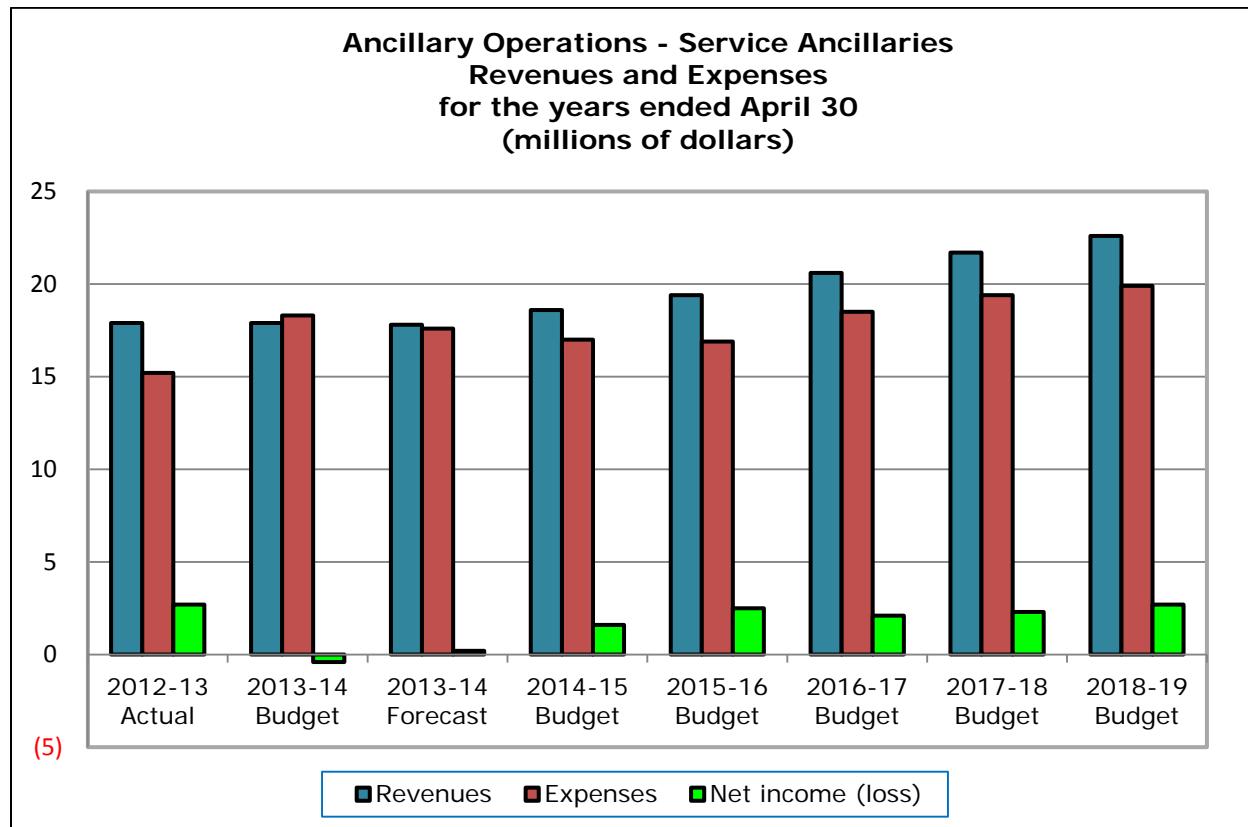
The service ancillaries include the Student Housing & Residence Life (residence), conference, food and parking services at UTM. These operations are currently experiencing the effects of the continued growth in enrolment on campus in different ways. The Residence operation is well on its way to achieving the challenging financial plan necessary to recover from large investments in new residences. Conference Services has been and continues to be challenged by a reduction in space available in which to operate. Food Services continues to make further, large investments in outlets to service the growing population and Parking perseveres in providing adequate inventory at peak times while continuing to save for an expansion of the existing parking deck.

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 financial highlights for 2013-14 forecasts, 2014-15 budgets and long range plans. The report also includes summary financial schedules. Copies of the detailed submissions may be obtained from the Assistant Director, Ancillary and Student Services, Business Services.

Consolidated Financial Highlights

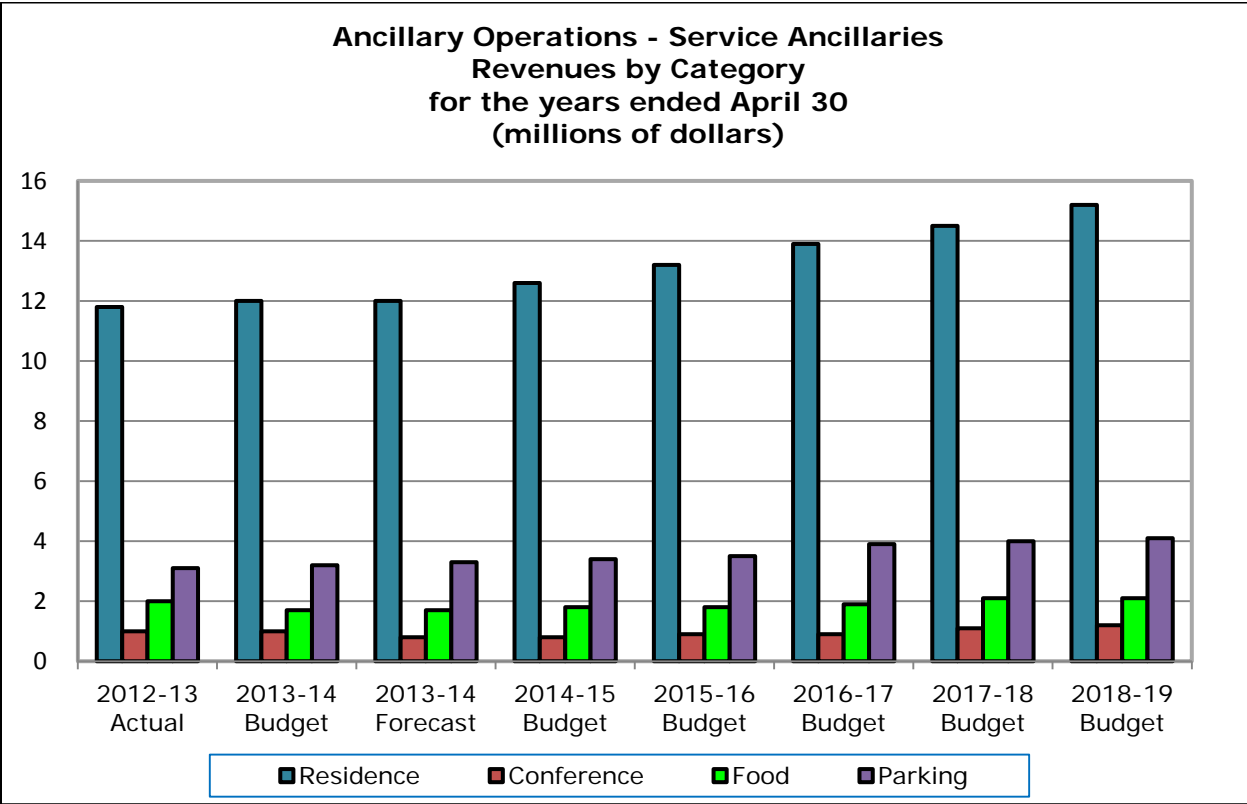


	2012-13 Actual	2013-14 Budget	2013-14 Forecast	2014-15 Budget	2015-16 Budget	2016-17 Budget	2017-18 Budget	2018-19 Budget
Revenues	17.9	17.9	17.8	18.6	19.4	20.6	21.7	22.6
Expenses	15.2	18.3	17.6	17.0	16.9	18.5	19.4	19.9
Net income (loss)	2.7	(0.4)	0.2	1.6	2.5	2.1	2.3	2.7
<i>Revenue increase</i>		0.0%	-0.6%	3.9%	4.3%	6.2%	5.3%	4.1%

The UTM service ancillaries are forecasting net income of \$0.2 million before transfers at April 30, 2014 on projected revenues of \$17.8 million. The forecasted net income represents a \$2.5 million decrease from last year's net income of \$2.7 million. Compared to budget, the forecasted net income for 2013-14 is higher by \$0.6 million. This favourable variance from budget is due to residence (\$0.5 million) and parking services (\$0.1 million) (see table on page 6). For the 2014-15 budget, the service ancillaries are anticipating a surplus of \$1.6 million with \$18.6 million of revenues and \$17.0 million of expenses. Compared to the 2013-14 forecast, the \$1.6 million surplus represents an increase of \$1.4 million in net income with an increase of 4.5% in revenues and a decrease of 3.4% in expenses.

1. Revenues

For 2013-14, the ancillaries are forecasting revenues to be \$0.1 million lower than budget. The revenues are forecast to increase for parking (\$0.1 million), hit budget for residence and food and decrease for conference services (\$0.2 million). The total forecasted revenues for 2013-14 are \$0.1 million lower than 2012-13 actual.



	2012-13 Actual	2013-14 Budget	2013-14 Forecast	2014-15 Budget	2015-16 Budget	2016-17 Budget	2017-18 Budget	2018-19 Budget
Residence	11.8	12.0	12.0	12.6	13.2	13.9	14.5	15.2
Conference	1.0	1.0	0.8	0.8	0.9	0.9	1.1	1.2
Food	2.0	1.7	1.7	1.8	1.8	1.9	2.1	2.1
Parking	3.1	3.2	3.3	3.4	3.5	3.9	4.0	4.1
Total Revenue	17.9	17.9	17.8	18.6	19.4	20.6	21.7	22.6

The 2014-15 budget incorporates a \$0.8 million (4.5%) increase in revenues over forecast, of which \$0.6 million (5.0%) is from residence and \$0.1 million (5.8%) is from Food Services and Parking Services anticipates an increase of \$0.1 million (3.0%).

The long range plan projects revenues to increase by \$4.0 million (21.5%) from 2014-15 to 2018-19. Of this increase, \$2.6 million will come from Residence, \$0.3 million from Food Services, \$0.7 million from Parking Services and \$0.4 million from Conference Services.

(a) Residence

Forecasted residence revenues for 2013-14 are better than 2012-13 actuals due to rate increases and occupancy reaching 96%. Residence rates are set to increase by 5% in 2014-15. Demand remains strong with occupancy estimated to remain at 96% for 2014-15.

Approximately 100 residence rooms will, however, be unavailable in 2014-15 (through to the fall of 2016), due to the need to house academic and administrative offices for employees displaced by the second phase of the reconstruction of the North Building. The budget assumes that any lost revenue will be replaced and charged to the capital project as a secondary effect.

(b) Conference Services

Conference Services revenues for 2013-14 are forecasted to be \$0.2 million less than budget due to the loss of Spigel Hall which resulted in some larger conference groups to take their business elsewhere. Also, the shortfall in revenues are due to a reduction of residence rooms available for conference groups over the summer as residences were taken off-line for repairs and due to the increase in summer students and the Academic Culture and English (ACE) program.

The ancillary will face continued pressure to replace lost conference groups with reduced residence rooms and event space, especially as the campus enrolment increases and more departments are offering courses over the summer.

The annual contribution to the operating budget is uncertain after 2014-15.

(c) Food Services

Food Services revenues are expected to increase in 2014-15 due to increased meal plan rates which are set to increase on average by 2.7% and due to expected increased sales from the opening of new food outlets in the North Building and the Innovation Center.

The budget assumes that meal plan sales, which would be negatively affected by the reduction in students living in residence, due to the residence rooms that are being repurposed into office space as noted above, will be replaced and charged to the capital project as a secondary effect.

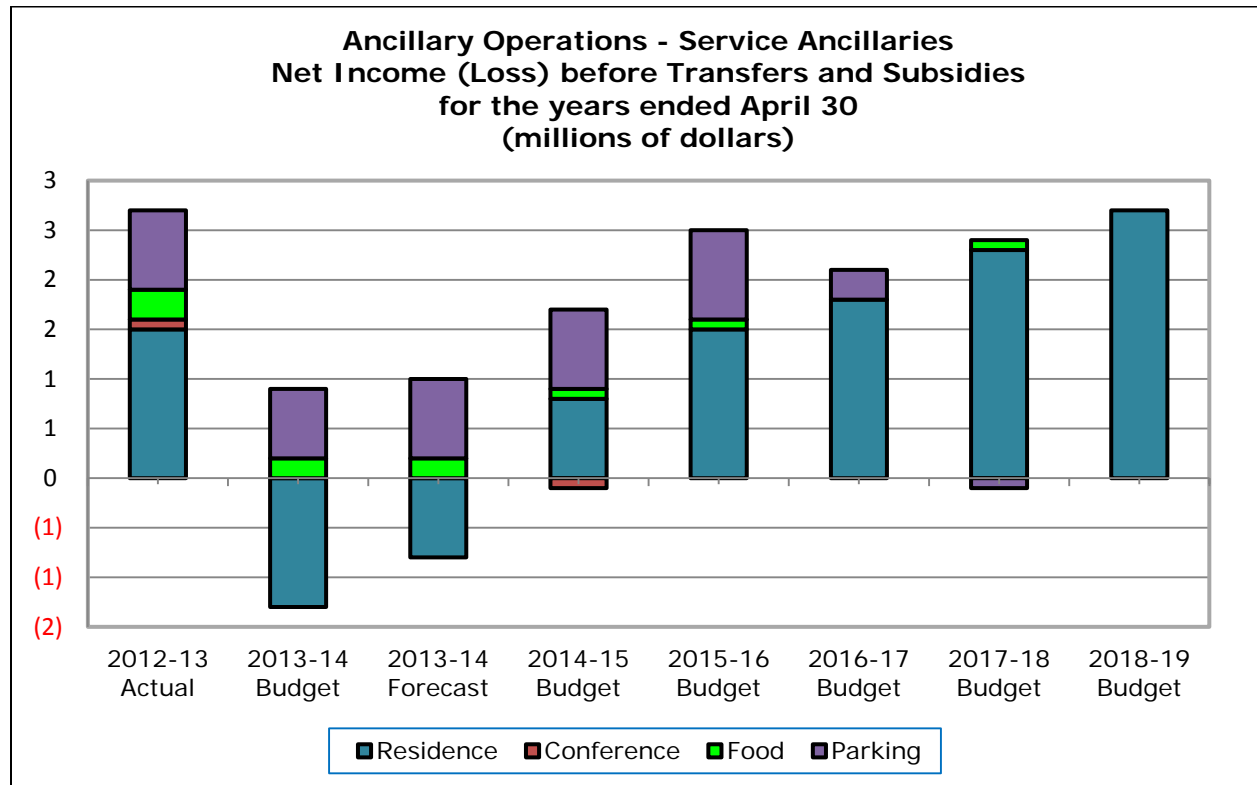
Annual surplus is being allocated to the construction reserve for future construction.

(d) Parking

Revenue growth reflects permit rate increases of 3% and increased volume in Pay & Display revenue due to enrolment growth. Annual surplus continues to be allocated to the construction reserve since an expansion of the deck is planned for 2016.

2. Net Income (Loss)

The forecasted net income for 2013-14 is \$0.2 million, which is \$0.6 million more than budget but \$2.5 million less than 2012-13. The largest contributors of income are Parking (\$0.8 million) and Food Services (\$0.2 million) with an offsetting loss from Residence (\$0.8 million) due to the repairs required on Erindale Hall.



	2012-13 Actual	2013-14 Budget	2013-14 Forecast	2014-15 Budget	2015-16 Budget	2016-17 Budget	2017-18 Budget	2018-19 Budget
Residence	1.5	(1.3)	(0.8)	0.8	1.5	1.8	2.3	2.7
Conference	0.1	-	-	(0.1)	-	-	-	-
Food	0.3	0.2	0.2	0.1	0.1	-	0.1	-
Parking	0.8	0.7	0.8	0.8	0.9	0.3	(0.1)	-
Net income (loss)	2.7	(0.4)	0.2	1.6	2.5	2.1	2.3	2.7

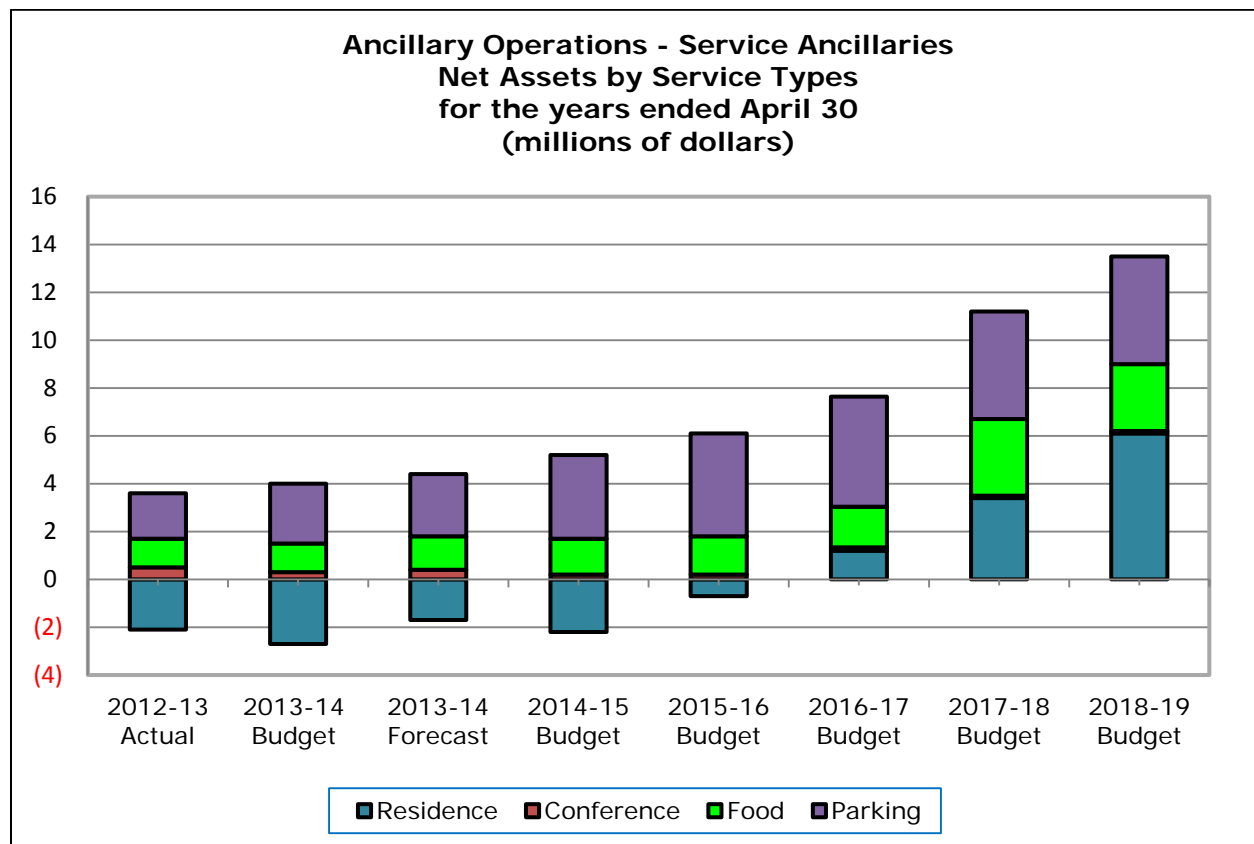
The chart shows the impact of expansion of parking spaces and food service outlets to accommodate growth over the period.

3. Net Assets

Net assets reflect the net worth of the service ancillaries. Over time net assets change due to the net income or loss for the year and transfers in or out of the operation. Net Assets are recorded in several sub-categories 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 operating reserve, capital renewal reserve and 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 net assets for the ancillaries from 2012-13 to 2018-19.



	2012-13 Actual	2013-14 Budget	2013-14 Forecast	2014-15 Budget	2015-16 Budget	2016-17 Budget	2017-18 Budget	2018-19 Budget
Residence	(2.1)	(2.7)	(1.7)	(2.2)	(0.7)	1.2	3.4	6.1
Conference	0.5	0.3	0.4	0.2	0.2	0.1	0.1	0.1
Food	1.2	1.2	1.4	1.5	1.6	1.7	3.2	2.8
Parking	1.9	2.5	2.6	3.5	4.3	4.6	4.5	4.5
Total Net Assets	1.5	1.3	2.7	3.0	5.4	7.6	11.2	13.5

For 2013-14, the service ancillaries are forecasting total net assets of \$2.7 million. The 2014-15 operating plans project total net assets of \$3.0 million, the difference coming from the Net Income described above.

Net assets are expected to grow to \$13.5 million by 2018-19, reflecting an increase of \$10.5 million from 2014-15. This increase consists of a growth of \$8.3 million from residence, \$1.3 million from Food Services, \$1.0 million from Parking and a loss of \$0.1 million from Conference Services.

Net assets is made up of various reserves as set by the ancillary and/or required to ensure the ancillary meets the four objectives noted above.

Ancillary Operations - Service Ancillaries
Net Assets (Deficit) by Category
for the budget year 2014-15
(millions of dollars)

	Unrestricted Surplus/(Deficit)	Investment in capital assets	Capital Renewal Reserve	Operating Reserve	Construction Reserve	Total Net Assets
Residence	(5.8)	2.2	0.5	0.9	-	(2.2)
Conference	0.1	-	-	0.1	-	0.2
Food	-	1.0	0.1	0.1	0.3	1.5
Parking	-	-	-	0.2	3.3	3.5
	(5.7)	3.2	0.6	1.3	3.6	3.0

The anticipated total net assets of \$3.0 million for 2014-15 are the sum of \$3.2 million investment in capital assets, \$0.6 million commitments to capital renewal, \$1.3 million to operating reserves, and \$3.6 million to construction reserves, partially offset by \$5.7 million in unrestricted deficit.

As depreciation is charged and funded from future revenues, the \$3.2 million investment in capital assets will decrease with a corresponding decrease in unrestricted deficit.

UTM Residence is projecting an accumulated unrestricted deficit in 2014-15 of \$5.8 million. Ancillaries with accumulated deficits are charged interest on their deficits and must absorb any interest rate changes on this short-term financing of deficits (long-term loans are all at fixed rates).

4. Ancillary Debt

For 2013-14, the service ancillaries are projecting a total outstanding debt of \$54.1 million (on original loans issued of \$69.1 million), of which \$44.6 million is for residence and \$9.5 million is for parking. The estimated principal and interest repayment on the borrowing for residence is projected to be \$4.4 million, representing 36.7% of revenues and for parking \$1.0 million or 31.2% of revenues. The estimated interest costs on borrowing will be \$2.9 million or 24.2% of revenues or 22.6% of expenses for residence and \$0.6 million for parking which represents 18.8% of revenues and 25.0% of expenses.

UTM parking has included additional borrowing for an expansion of the existing parking deck.

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

	2012-13 Actual	2013-14 Forecast	2014-15 Budget	2015-16 Budget	2016-17 Budget	2017-18 Budget	2018-19 Budget
Residence	46.6	44.6	42.4	40.1	37.7	35.1	32.3
Conference	-	-	-	-	-	-	-
Food	-	-	-	-	-	-	-
Parking	9.9	9.5	9.0	8.6	8.1	7.5	7.0
Parking Deck (new loan)					4.2	3.6	3.1
Total Loan Balance	<u>56.5</u>	<u>54.1</u>	<u>51.4</u>	<u>48.7</u>	<u>50.0</u>	<u>46.2</u>	<u>42.4</u>

Continuing enrolment growth, the first year and four year international residence guarantee program and demand from upper year students to return to residence have all contributed to sustain strong fall and winter session occupancy rates for residence. The building expansion from 1997-8 to 2006-7 to increase residence spaces created a financial strain for UTM residence, including large borrowings and the existence of an accumulated deficit.

Evidence from supply and demand of existing parking spaces and enrolment projections suggests that an additional 300 parking spaces will probably be needed in the fall of 2016. The challenge facing the Parking ancillary is that although all operating revenues in excess of expenses will be contributed to the construction reserve, the balance of this reserve will be insufficient to cover the estimated \$8.6 million cost of the parking expansion. Although it is uncertain if the ancillary will obtain a loan from the University, it is projected as noted above.

Review of the 2013-14 Ancillary Operations

Residence bed inventory is stable with an occupancy rate of 96%.

Food Services is busy finalizing plans for two new outlets in the North Building and the Innovations Complex, as well as transitioning to a new Director. Revenues are strong and all realized profits are redirected to investment in new outlets.

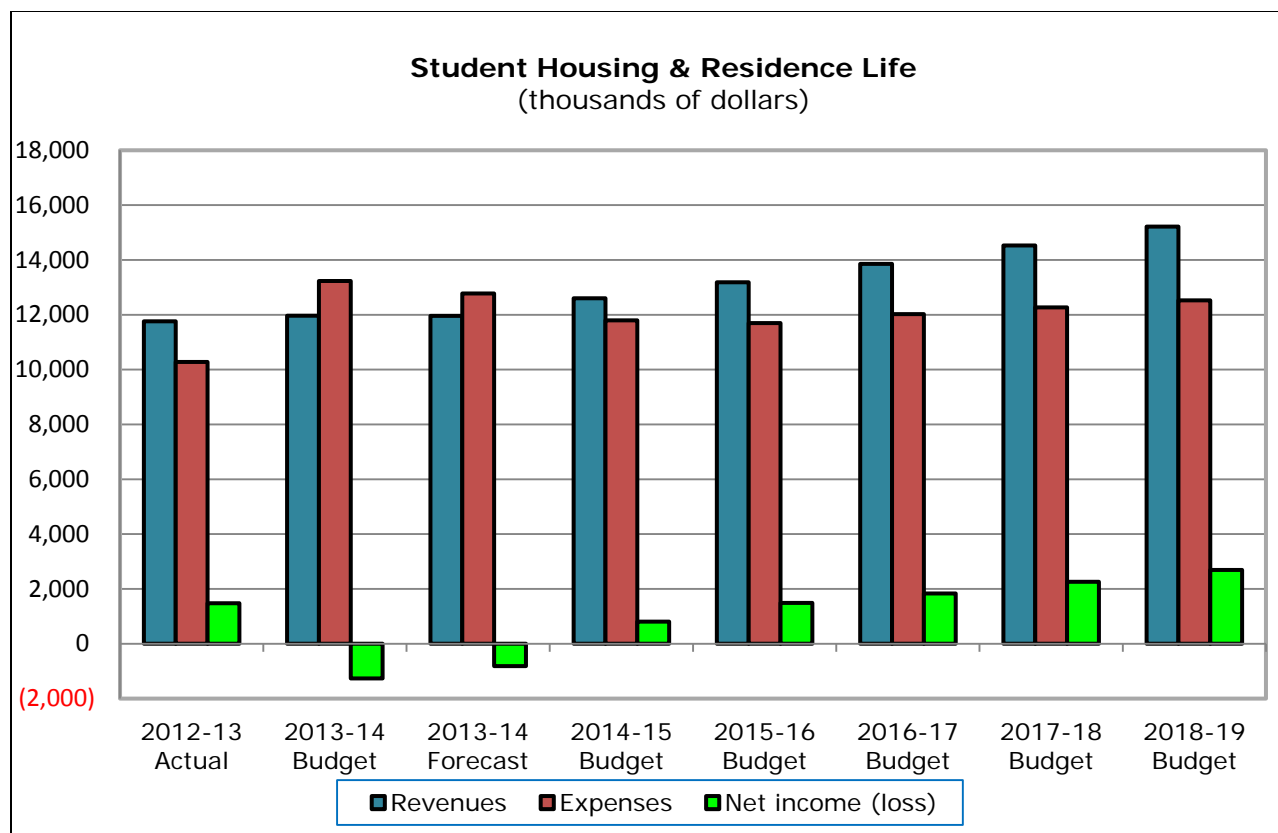
Conference Services has recently lost a long-term customer, the Toronto Argonauts, and is focused on replacing this business, along with a number of challenges such as reduced available inventory of beds in residence, due to maintenance requirements and the need to house some offices in Erindale Hall over the next two years.

Parking operations experienced utilization very close to maximum capacity (and overload at some times) during September 2013. By mid-October, as is usual, utilization was down to a very manageable rate and there were very few problems finding a space. The operation is working with the Registrar's Office, examining traffic patterns and keeping a close eye on several campus activities that may impact the ability to park during peak times next fall. Financially, the operation continues to generate a profit and direct any profit to the \$8.6 million deck expansion project planned for 2016.

(a) Residence

With 1,280 single undergraduate student beds and 121 family and graduate student units, the UTM residences provide accommodation to over 1,500 residents in eight building complexes with a multitude of options, such as 2, 3 and 4 bedroom townhouses, 2 and 4 bedroom apartment suites, and traditional style suites. The occupancy rate for 2013-14 is forecast at 96%.

This ancillary meets the first three objectives and does not contribute to the operating budget.



	2012-13 Actual	2013-14 Budget	2013-14 Forecast	2014-15 Budget	2015-16 Budget	2016-17 Budget	2017-18 Budget	2018-19 Budget
Revenues	11,759	11,967	11,962	12,603	13,187	13,858	14,529	15,217
Expenses	10,281	13,230	12,779	11,796	11,698	12,024	12,271	12,523
Net income (loss)	1,478	(1,263)	(817)	807	1,489	1,834	2,258	2,694
<i>Revenue increase</i>		1.8%	1.7%	5.3%	4.6%	5.1%	4.8%	4.7%

The ancillary is forecasting an operating deficit of \$817k in 2013-14, which is \$446k better than budget. The negative operating loss is due to the necessity of incurring expenses for major repairs to Erindale Hall. The better than budget forecast is mainly due to higher summer occupancy than budget. Growth in the Academic Culture and English (ACE) Program increased demand that contributed to increased summer revenues. The favourable variance is due to savings in salaries, wages and benefits due to various position vacancies and staff changeover; the utilities rates being better than budgeted; and the delayed completion of brick and roof parapet repairs for Erindale Hall which decreased the major maintenance expense.

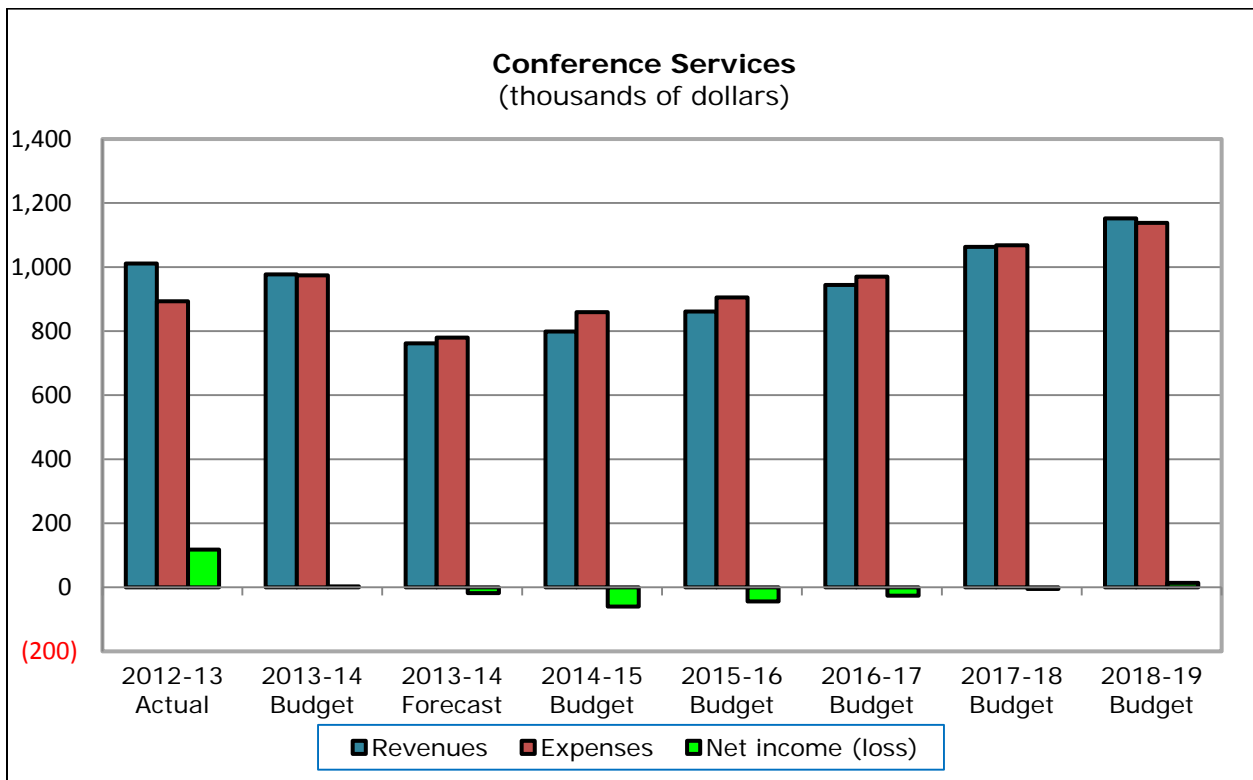
During 2014-15, Erindale Hall will be used to house offices for faculty and staff displaced during the demolition of phase 2 of the North Building. The construction project will replace lost residence revenues.

This operating plan is based on a 5% rate increase in 2014-15 assuming occupancy of 96%. Salaries, wages and benefits reflect increases related to contractual obligations. Annual and major maintenance expenses have decreased from 2013-14 as a result of not having the large requirements of the Erindale Hall repair. The UTM Facilities, Management & Planning Facilities Audit has resulted in a number of repairs that have been budgeted including re-roofing of Roy Ivor Hall and Putnam Place, the replacement of the Oscar Peterson Hall chiller, replacement of the fire system in Roy Ivor Hall and ceiling restorations in both McLuhan Court and Putnam Place.

The ancillary is projecting net assets to be in a deficit of \$2,156k in 2014-15, with unrestricted deficit of \$5,818k, capital renewal reserve of \$527k, operating reserve of \$916k and investment in capital assets of \$2,219k. It anticipates net assets will be positive in 2016-17.

(b) Conference Services

This ancillary currently meets three objectives because the ancillary is expecting to have operating losses and therefore is not operating without subsidy from the operating budget. Due to increasing limitations on residence beds over the next three years and the loss of the Toronto Argonauts as customers, the ancillary plans to discontinue the contribution to operating budget after 2014-15, until revenues return to a more robust level.



	2012-13 Actual	2013-14 Budget	2013-14 Forecast	2014-15 Budget	2015-16 Budget	2016-17 Budget	2017-18 Budget	2018-19 Budget
Revenues	1,011	977	762	799	861	944	1,063	1,152
Expenses	893	974	780	859	905	970	1,068	1,138
Net income (loss)	118	3	(18)	(60)	(44)	(26)	(5)	14
<i>Revenue increase</i>		-3.4%	-24.6%	-18.2%	7.8%	9.6%	12.6%	8.4%

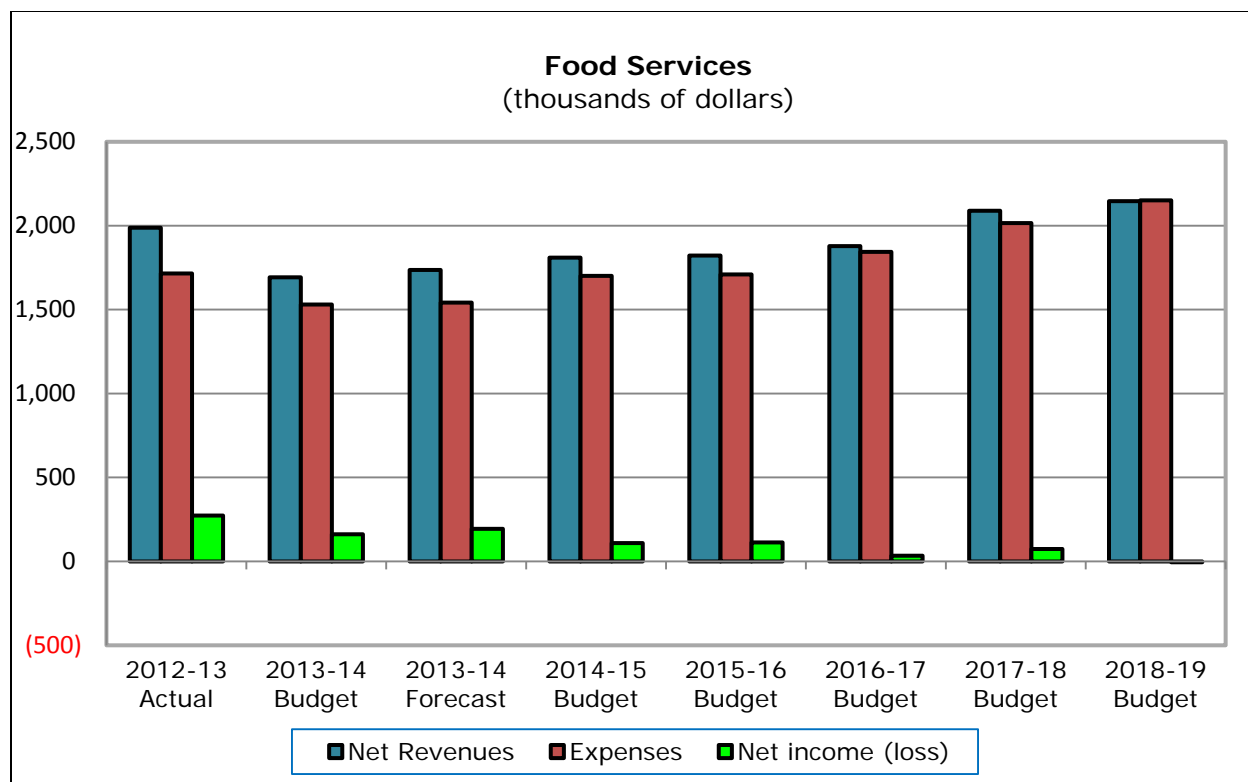
As noted above, Conference Services is expecting a loss in 2013-14 of \$18k which is \$21k worse than budget. The 2014-15 plan shows a modest increase in revenues of \$37k due to an increase in accommodation, food and rental rates from new conference groups that are expected to offset the lost groups from the current fiscal year and the loss of the Argos.

The operating results are expected to be negative for 2014-15 and the following three years as the operation begins to rebuild revenues in the face of space limitations. The ancillary also has plans to hire an Assistant Director to replace the Conference Manager, previously vacated through retirement, currently planned for 2014-15. The Assistant Director is to lead the re-positioning and rebuilding of this operation.

(c) Food Services

Food Services are delivered through an independent provider, Chartwells, with management oversight provided by the Director of Hospitality & Retail Operations, who works closely with Chartwells on all aspects of Food Services at UTM.

In 2013-14, the ancillary experienced fairly stable operations with increased volumes reflecting increased campus enrolment and small price increases. A renovation of the Spigel kitchen, which provides food for various outlets across campus, was undertaken. The ancillary also experienced the loss of the Director of Hospitality, a key driver of the operations. Preparations were made for new outlets which will open in the North Building and the Innovations Complex in 2014-15.



	2012-13 Actual	2013-14 Budget	2013-14 Forecast	2014-15 Budget	2015-16 Budget	2016-17 Budget	2017-18 Budget	2018-19 Budget
Net Revenues	1,988	1,692	1,736	1,810	1,822	1,878	2,089	2,146
Expenses	1,715	1,530	1,542	1,701	1,709	1,844	2,015	2,151
Net income (loss)	273	162	194	109	113	34	74	(5)
<i>Revenue increase</i>		-14.9%	-12.7%	7.0%	0.7%	3.1%	11.2%	2.7%

Forecasted revenues are expected to exceed budget and net revenues are forecasted to be \$1,736k, which is higher than budget of \$1,692k. Operating surplus before commitments is forecasted at \$194k which is higher than the budget of \$162k.

For 2014-15, the ancillary is budgeting net revenues of \$1,810k, an increase of 4.3% over forecast due to an average increase in meal plan rates of 2.7%, increased enrollment, the opening of new food outlets in the North Building (phase 1) and the Innovation Complex and higher incidence of cafeteria sales. Net income is expected to be \$109k. Net assets are anticipated to be \$1,534k with \$1,011k in investment in capital, \$111k in operating reserves, \$50k in capital renewal reserves and \$362k in construction reserves.

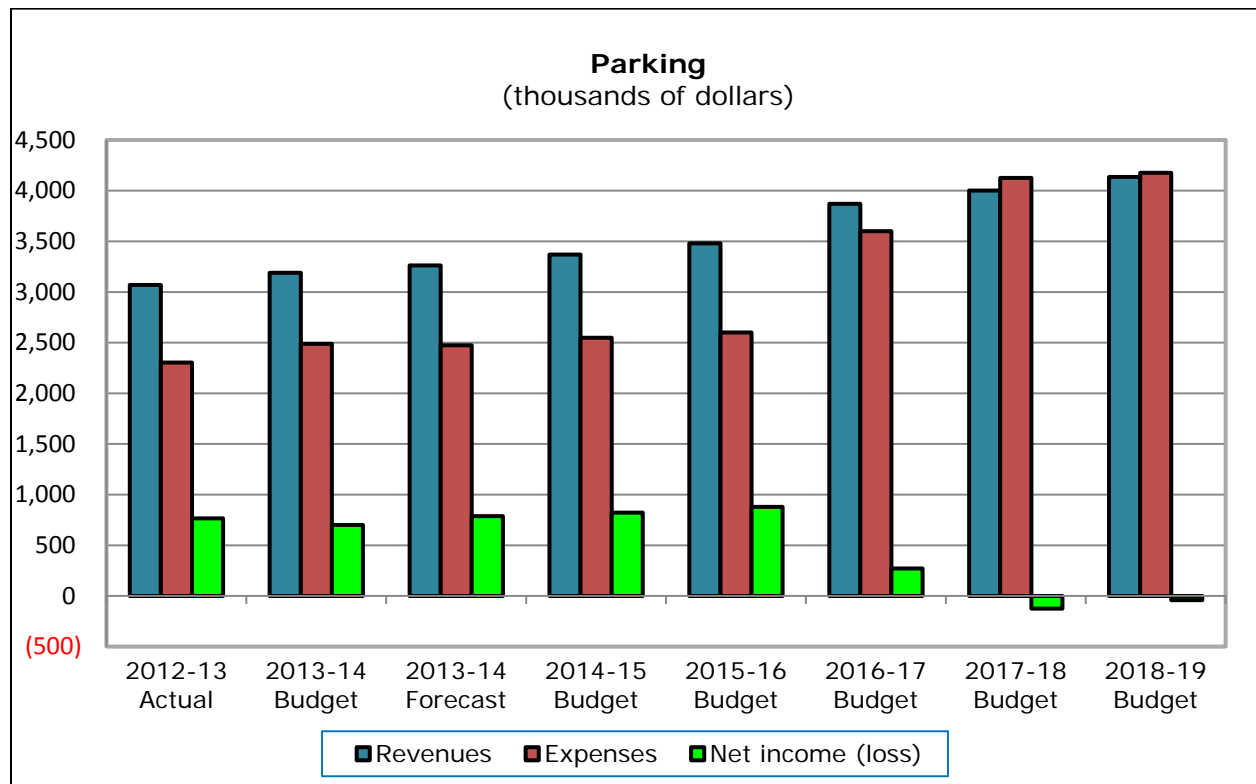
The surpluses currently being generated are required to fund the planned growth according to the campus food service master plan. The food services development

plan and subsequent projected development costs over the next few years are expected to be almost \$3 million. The ancillary projects positive operating results until 2016-17 when the large construction project – the permanent food court in the Davis Building Meeting Place – takes effect. Following that, results will be negative for a few years.

(d) Parking Services

For the 2014-15 budget year, the parking ancillary meets the first and third objective. The ancillary has been allocating its annual surplus to the construction reserve since an expansion of the exiting deck is planned for 2016-17.

UTM is a suburban commuter campus where the use of cars is more of a necessity than the downtown campus. UTM currently has 2,361 parking spaces. The ancillary is a member of Smart Commute, an association that works to reduce traffic congestion and encourages other modes of transportation, such as bikes. Many initiatives such as carpooling, car sharing, the discounted TTC pass program and UPass have been introduced in recent years and help to reduce congestion on campus. Nevertheless, enrolment growth will result in the need for approximately 300 additional spaces by 2016. Although operating revenues in excess of expenses are contributed to the construction reserve, the accumulated amount will be insufficient to cover the entire estimated \$8.6 million cost of the expansion. A loan will be required to build the expansion.



	2012-13 Actual	2013-14 Budget	2013-14 Forecast	2014-15 Budget	2015-16 Budget	2016-17 Budget	2017-18 Budget	2018-19 Budget
Revenues	3,069	3,189	3,262	3,370	3,480	3,871	4,001	4,135
Expenses	2,304	2,489	2,474	2,548	2,601	3,600	4,126	4,177
Net income (loss)	765	700	788	822	879	271	(125)	(42)
<i>Revenue increase</i>		3.9%	6.3%	5.7%	3.3%	11.2%	3.4%	3.3%

The projected operating surplus for 2013-14 is \$788k, slightly higher than budget as a result of better than budgeted Pay & Display revenue. The surplus will be added to the construction reserve bringing it to a balance of \$2,420k.

The 2014-15 budget includes a 3% permit price increase and revenues from Pay & Display will also increase, due to increased volume, except for afternoon permits were decreased to \$130.00 in 2013-14 from \$540.24, in an effort to move parking congestion to off-peak hours. There is no price increase planned for Pay & Display rates in 2014-15. The ancillary is projecting an operating surplus of \$822k and net assets of \$3,464k.

The ancillary is projecting positive net results that will accumulate to \$4,087k in 2015-16 for the deck expansion. Following that investment, the results will be negative or breakeven for the following few years.

Review and Consultation Process

The UTM Campus Affairs Committee makes recommendations to the UTM Campus Councils on the annual budget related to service ancillaries. The budgets approved by the Campus Councils 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 the 2012-13, the forecast for 2013-14 and projections for the five year period, 2014-15 to 2018-19. Only the proposed budget for 2014-15 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 major ancillaries prior to the operating plans being submitted to the Campus Affairs Committee.

The Student Housing & Residence Life operating plan is reviewed by the Student Housing Advisory Committee that includes membership from all residence constituencies, including graduate and undergraduate students in residence, families in residence, and student staff in residence as well as representation from UTM's undergraduate Residence Council. Food Services is reviewed by the Food Service Advisory Committee with membership of students (undergraduate, graduate, UTMSU, Residence Council), faculty and staff. Details of the Meal Plan component of Food Services is also reviewed by the Resident Student Dining Committee drawing membership from each of the residences (including first and upper year townhouse clusters).

The Parking operating plan is reviewed by the Transportation & Parking Advisory Committee that includes undergraduate and graduate students, faculty and staff. The discussion included the possibility of not obtaining a loan, delaying the construction of the deck for one year, and the use of lots in off peak hours.

As well, the University of Toronto Financial Services Department (FSD) reviews the operating plans and management reports submitted by each ancillary. Issues requiring further attention are identified by FSD and to be addressed by the ancillaries.

University of Toronto Mississauga
Service Ancillary Operations Budget Summary
Projected Operating Results for the year ending April 30, 2015
(with comparative projected surplus for the year ending April 30, 2014)
(thousands of dollars)

	Revenues	Expenses	Net Income/(Loss) before Transfers	Transfers in/(out)	Net Income/(Loss) after Transfers 2015	Net Income/(Loss) after Transfers 2014
Residence	12,603	11,796	807	(1,300)	(493)	483
Conference	799	859	(60)	(100)	(160)	(118)
Food	1,810	1,701	109	-	109	194
Parking	3,370	2,548	822	-	822	788
Total	18,582	16,904	1,678	(1,400)	278	1,347

SUMMARY OF SERVICE ANCILLARY OPERATIONS LONG-RANGE BUDGET RESULTS
(thousands of dollars)

Service Ancillaries	Objectives to be met within 2014-15				2014-15					2014-15	2016-17	2018-19
	1	2	3	4	Unrestricted Surplus/ (Deficit)	Projected Investment in Capital Assets	Projected Commitments to Capital Renewal (Schedule 3)	Projected Operating Reserve (Schedule 3.1)	Projected Construction Reserve (Schedule 3.1)	Net Assets	Net Assets	Net Assets
Residence	yes	yes	yes	no	(5,818)	2,219	527	916	-	(2,156)	1,168	6,119
Conference	no	n/a	yes	yes	160	-	-	41	-	201	131	140
Food	yes	yes	yes	no	-	1,011	50	111	362	1,534	1,681	2,820
Parking	yes	no	yes	no	-	1	-	226	3,237	3,464	4,614	4,448
	Total				(5,658)	3,231	577	1,294	3,599	3,043	7,594	13,527

Objectives

Plans reflect (yes) or do not reflect (no) that the Ancillary:

1. Operates without a subsidy from the operating budget
2. Includes all costs of capital renewal including deferred maintenance
3. Generates sufficient surplus to cover operating contingencies
4. Contributes net revenue to the operating budget

University of Toronto Mississauga
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, 2014</u>	<u>Net increase (decrease) in commitments to capital renewal</u>	<u>Balance April 30, 2015</u>	<u>Balance April 30, 2019</u>
Residence	527	-	527	527
Conference	-	-	-	-
Food	194	(144)	50	50
Parking	-	-	-	-
Total	<u>721</u>	<u>(144)</u>	<u>577</u>	<u>577</u>

University of Toronto Mississauga
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				Construction Reserve			
	Balance May 1, 2014	Increase/ (decrease) in operating reserve	Balance April 30, 2015	Balance April 30, 2019	Balance May 1, 2014	Increase/ (decrease) in construction reserve	Balance April 30, 2015	Balance April 30, 2019
Residence	884	32	916	977	-	-	-	-
Conference	31	10	41	50	-	-	-	-
Food	97	14	111	130	337	25	362	-
Parking	221	5	226	387	2,420	817	3,237	-
Total	1,233	61	1,294	1,544	2,757	842	3,599	-

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

Service Ancillary	2013-14 Forecast			2014-15 Budget			2015-16 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	(817)	1,300	483	807	(1,300)	(493)	1,490	-	1,490
Conference	(18)	(100)	(118)	(60)	(100)	(160)	(44)	-	(44)
Food	194	-	194	109	-	109	113	-	113
Parking	788	-	788	822	-	822	879	-	879
Total	147	1,200	1,347	1,678	(1,400)	278	2,438	-	2,438

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

Service Ancillary	2016-17 Budget			2017-18 Budget			2018-19 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	1,834	-	1,834	2,257	-	2,257	2,694	-	2,694
Conference	(26)	-	(26)	(5)	-	(5)	14	-	14
Food	34	-	34	74	1,440	1,514	(5)	(370)	(375)
Parking	271	-	271	(125)	-	(125)	(42)	-	(42)
Total	2,113	-	2,113	2,201	1,440	3,641	2,661	(370)	2,291

University of Toronto Mississauga
Service Ancillaries Operations Budget Summary
Summary of 2014-15 Capital Budgets
(with comparative figures for 2013-14)
(thousands of dollars)

	<u>2014-15</u>	<u>2013-14</u>
Residence	1,399	235
Conference	-	-
Food	350	170
Parking	<u>-</u>	<u>-</u>
Total	<u><u>1,749</u></u>	<u><u>405</u></u>

Schedule of 2014-15 Ancillary Rates					
	2013-14 Rate \$	2014-15 Rate \$	Increase (Decrease) \$	Increase %	Prior Year's Increase %
<u>Parking</u>					
Reserved (annual)	933.94	961.96	28.02	3%	3%
Premium Unreserved (annual - Lots 4,8,9)	666.53	686.53	20.00	3%	3%
Unreserved (annual - Lots 4 & 8 only)	644.92	664.27	19.35	3%	3%
Student Unreserved (sessional - Lots 4 & 8 only)	268.71	276.77	8.06	3%	3%
Unreserved Afternoon (annual - after 3:30pm)	540.24	180.00	(360.24)	-67%	3%
Commercial (annual - Lots 4,8,9)	1,080.49	1,112.90	32.41	3%	3%
Pay & Display (daily maximum) <i>(6:30am to 8:00am next day)</i>	13.00	13.00	-	0%	0%
Pay & Display (evening/weekend) <i>(5:00pm to 8:00am next day)</i>	6.00	6.00	-	0%	0%
Pay & Display (per half hour) <i>(6:30am to 5:00pm)</i>	2.50	2.50	-	0%	0%
Pay & Display (per half hour) <i>(weekdays 5:00pm to 8:00am next day; weekends & holidays)</i>	1.00	1.00	-	0%	0%
<u>Food</u>					
Group A					
Plus	4,499	4,699	200	4.4%	2.3%
Regular	4,199	4,349	150	3.6%	2.4%
Light	3,949	3,999	50	1.3%	2.6%
Minimum	3,639	3,649	10	0.3%	2.5%
Group B					
Regular	2,399	2,499	100	4.2%	4.5%
Light	2,149	2,199	50	2.3%	2.6%
Minimum	1,849	1,899	50	2.7%	2.8%

Schedule of 2014-15 Ancillary Rates					
	2013-14	2014-15	Increase	Increase	Prior
	Rate	Rate	Increase	Increase	Year's
	\$	\$	\$	%	Increase
					%
<u>Residence</u>					
Undergraduate Students					
Townhouses (Schreiberwood, McLuhan, Putnam, Leacock)	7,070	7,424	354	5%	5.0%
Premium Townhouses (Leacock 2 bedroom)	7,887	8,281	394	5%	5.0%
Suites (Roy Ivor, Erindale)	7,887	8,281	394	5%	5.0%
Dormitory (Oscar Peterson)	7,070	7,424	354	5%	5.0%
Premium Townhouses (MaGrath Valley)	7,887	8,281	394	5%	5.0%
Family & Graduate Housing (per month)					
Schreiberwood					
2 bedroom townhouse					
May to Aug	1,160	1,325	165	14%*	5.9%
Sept to April	1,325	1,391	66	5%	14.2%*
3 bedroom townhouse					
May to Aug	1,199	1,365	166	14%*	5.8%
Sept to April	1,365	1,433	68	5%	13.8%*
4 bedroom townhouse					
May to Aug	1,222	1,415	193	16%*	5.8%
Sept to April	1,415	1,486	71	5%	15.8%*
Small Bachelor					
May to Aug	779	818	39	5%	5.9%
Sept to April	818	859	41	5%	5.0%
Large Bachelor					
May to Aug	818	859	41	5%	5.9%
Sept to April	859	902	43	5%	5.0%
Shared Bachelor					
May to Aug	818	859	41	5%	5.9%
Sept to April	859	902	43	5%	5.0%

* Townhouse rates reflect the inclusion of hydro fees which were previously paid separately.