



FOR INFORMATION

PUBLIC

OPEN SESSION

TO: University Affairs Board

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DATE: March 6, 2014 for March 18, 2014

AGENDA ITEM: 1.(b)

ITEM IDENTIFICATION:

Operating Plans: UTSC Ancillary Services

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 or 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 operating plans for the UTSC Service Ancillaries, under the Terms of Reference for 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 12, 2014)
2. UTSC Campus Council [For Approval] (March 4, 2014)
3. **University Affairs Board [For Information] (March 18, 2014)**
4. Executive Committee [For Confirmation] (March 27, 2014)

PREVIOUS ACTION TAKEN:

At its meeting held on February 12, 2014, the UTSC Campus Affairs Committee considered and recommended the proposal to the UTSC Campus Council for approval. The UTSC Campus Council approved the proposal on March 4, 2014.

HIGHLIGHTS:

The UTSC Campus Affairs Committee approves 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 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.

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 Aramark 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. 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 2014-15 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.

2014-15 Service Ancillary Operating Plans and Budgets

Service ancillaries are budgeting net income of \$1.1 million before transfers at April 30, 2015 on projected revenues of \$10.7 million (see Schedule 1), which will primarily be applied to increase reserves for capital renewal, operating, and new construction, thus strengthening financial health.

2014-15 Service Ancillary Capital Budgets

The service ancillaries are budgeting capital expenditures of \$0.9 million in 2014-15 (see Schedule 5). The capital budgets include roof replacement and repair for Residence, outer lot parking equipment for Parking Services, and food outlet equipment in Food Services.

2014-15 Service Ancillary Rates and Fees

Student Housing and Residence Life proposes a 5% residence fee increase for 2014-15. Over the last 10 years, the average residence fee increase is 5%. Parking Services proposes a 3% permit rate increase for all categories of permits in 2014-15. 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 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 are summarized in Schedule 2.

RECOMMENDATION:

The report is presented for information.

DOCUMENTATION PROVIDED:

UTSC Service Ancillary Report on Operating Plans, 2014-15



UNIVERSITY OF
TORONTO
SCARBOROUGH

Service Ancillary Report on Operating Plans

2014-15

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Summary

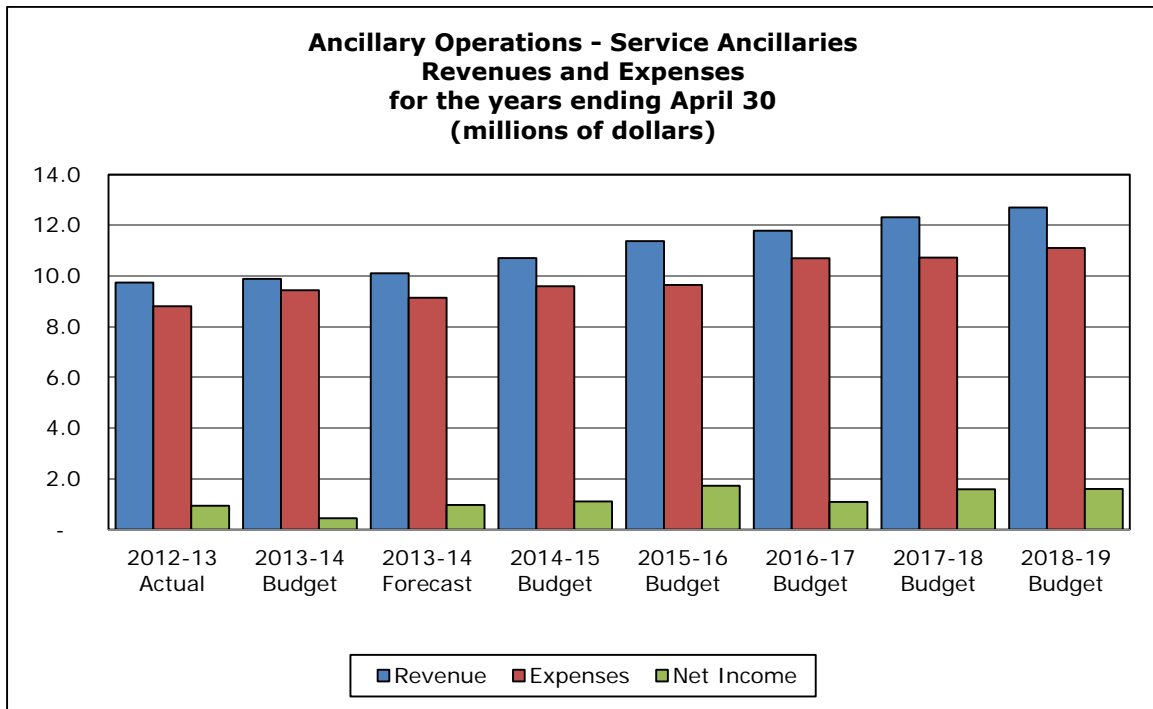
Service ancillaries at the University of Toronto Scarborough (UTSC) include Student Housing and Residence Life, Conference Services, Food and Beverage Services, and Parking Services. These operations continue to benefit from enrolment growth on campus. They are focused on providing services to and partnering 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 continues 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 maintains 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 2013-14 forecasts, 2014-15 budgets, and long range plans of each ancillary. This report also includes financial summaries of each ancillary. Copies of the detailed submissions may be obtained from the Senior Financial Officer, Ancillary and Self-Funded Operations.

Financial Highlights



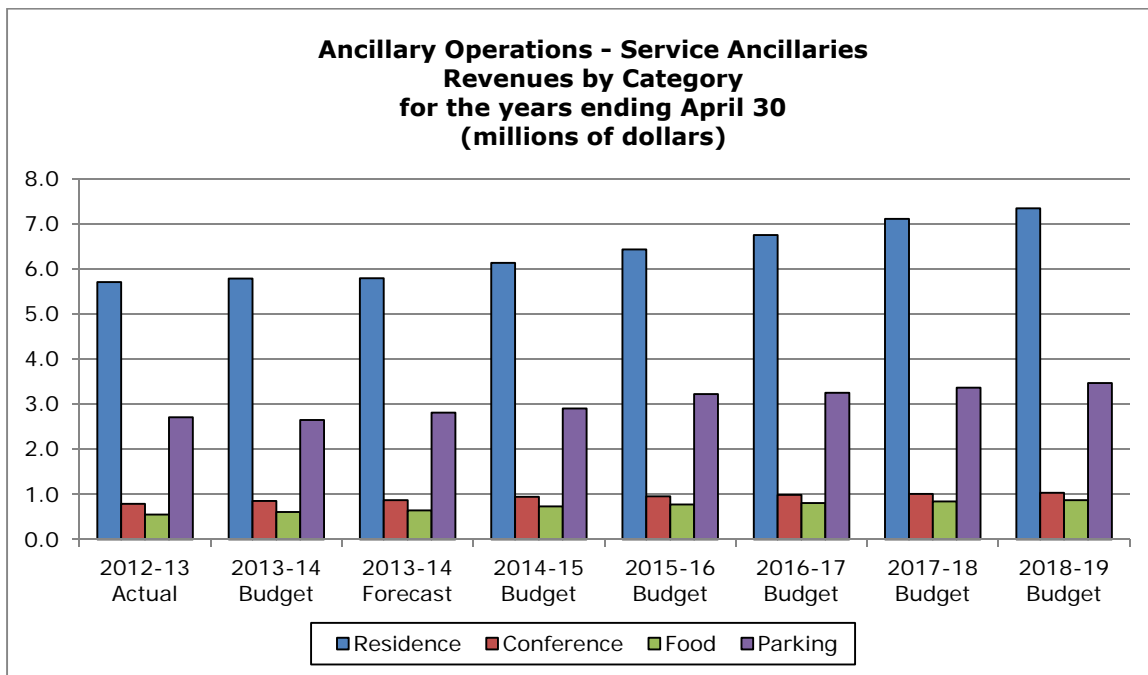
| | 2012-13 Actual | 2013-14 Budget | 2013-14 Forecast | 2014-15 Budget | 2015-16 Budget | 2016-17 Budget | 2017-18 Budget | 2018-19 Budget |
|--------------------------------------|-------------------|-------------------|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Revenues | 9.7 | 9.9 | 10.1 | 10.7 | 11.4 | 11.8 | 12.3 | 12.7 |
| Expenses | 8.8 | 9.4 | 9.1 | 9.6 | 9.6 | 10.7 | 10.7 | 11.1 |
| Net Income | 0.9 | 0.4 | 1.0 | 1.1 | 1.7 | 1.1 | 1.6 | 1.6 |
| % Revenue Δ | | 1.4% | 2.3% | 5.9% | 6.3% | 3.6% | 4.4% | 3.2% |

UTSC service ancillaries are forecasting net income of \$1.0 million before transfers as at April 30, 2014 on projected revenues of \$10.1 million. The forecasted net income represents a \$0.1 million increase from last year's net income of \$0.9 million. Compared to budget, the forecasted net income for 2013-14 is higher by \$0.6 million. This favourable variance from budget is mainly due to Parking (\$0.4 million) and Conference Services (\$0.1 million). For the 2014-15 budget, the service ancillaries are anticipating a surplus of \$1.1 million with \$10.7 million of

revenues and \$9.6 million of expenses. Compared to the 2013-14 forecast, the \$1.1 million surplus represents an increase of \$0.1 million in net income with an increase of 5.9% in revenues and an increase of 5.0% in expenses.

Revenues

For 2013-14, the ancillaries are forecasting revenues to be \$0.2 million higher than budget. This is due to Parking Services, while Residence, Food Services, and Conference Services are each meeting their revenue targets. Total forecasted revenues for 2013-14 are \$0.4 million higher than 2012-13 actuals.



| | 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 | 5.7 | 5.8 | 5.8 | 6.1 | 6.4 | 6.7 | 7.1 | 7.3 |
| Conference | 0.8 | 0.9 | 0.9 | 0.9 | 1.0 | 1.0 | 1.0 | 1.0 |
| Food | 0.5 | 0.6 | 0.6 | 0.7 | 0.8 | 0.8 | 0.8 | 0.9 |
| Parking | 2.7 | 2.7 | 2.8 | 2.9 | 3.2 | 3.2 | 3.4 | 3.5 |
| Total Revenue | 9.7 | 9.9 | 10.1 | 10.7 | 11.4 | 11.8 | 12.3 | 12.7 |

The 2014-15 budget is projected to increase by \$0.6 million (5.9%) over the 2013-14 forecast. \$0.3 million of the increase is attributed to Residence. Conference Services expects to achieve an 8.5% increase. Food and Beverage Services is

targeting a \$0.1 million increase (14.2%), and Parking Services anticipates a \$0.1 million (3.3%) lift in revenues.

The long-range plan projects revenues to increase by \$2.0 million from 2014-15 to 2018-19. Of this increase, \$1.2 million will be attributed to Residence, \$0.1 million from Conference Services, Food will grow by \$0.2 million, and Parking is targeting a \$0.6 million increase.

(a) Residence

Residence revenues are expected to come in on budget in 2013-14. Actual Summer occupancy of 77% was higher than budget. This resulted in a favourable variance of \$0.1 million (25.3%) but was offset by a slight shortfall in Fall/Winter residence revenues due to a higher number of cancellations than expected. Occupancy remained strong in 2013-14 at 96%.

Residence rates are set to increase by 5.0% in 2014-15, which is expected to drive the overall increase in revenues by \$0.3 million over the 2013-14 forecast. By increasing the non-refundable residence deposit and aligning it with the majority of residences at the University of Toronto, plus continued focus on residence life and support programs, occupancy is targeted to hit 98%.

The ancillary proposes to maintain the 5.0% rate of increase through to 2018-19, which will be the main driver of the \$1.2 million revenue increase from 2014-15 to 2018-19. Increases are required in order to reduce unrestricted deficit, contribute to a new building reserve and fund on-going major maintenance as housing inventory continues to age.

(b) Conference Services

Conference revenues are forecasted to hit its 2013-14 targets. The ancillary was able to achieve this through co-operative efforts to optimize the availability of facilities, and make the most of modest revenue opportunities due to high utilization of campus facilities for academic purposes.

Revenue is expected to increase by 8.5% in 2014-15 mainly due to enrolment growth in the Green Path and FAIR Taiwan programs, which are 12- and 8-week ESL programs for recent high school graduates from China and Taiwan.

Conference Services will continue to face challenges in reserving facilities in advance in order to attain optimal levels of accommodation and facilities rental income. The operating plan is based on a marketing strategy that targets facility rentals, athletic/youth groups, and full package conference groups, in light of the anticipated opening of the Toronto Pan Am Sports Centre and new academic

Environmental Science and Chemistry Building. Revenue is expected to grow by \$0.1 million over the next five years to 2018-19.

(c) Food and Beverage Services

Food and Beverage is expected to achieve its budgeted target of \$0.6 million in 2013-14. The ancillary continues to improve the client experience and seek new revenue opportunities for growth.

Food and Beverage Services revenue is expected to increase by \$0.1 million (14.2%) in 2014-15 due to higher commissions anticipated upon expiry of the current contracted food provider agreement.

The long-range revenue budget is set to increase by 18.8% from 2014-15 to 2018-19. The ancillary expects continued increases in manual and catering sales as the ancillary continues to focus on business development partnerships and expanded product offerings.

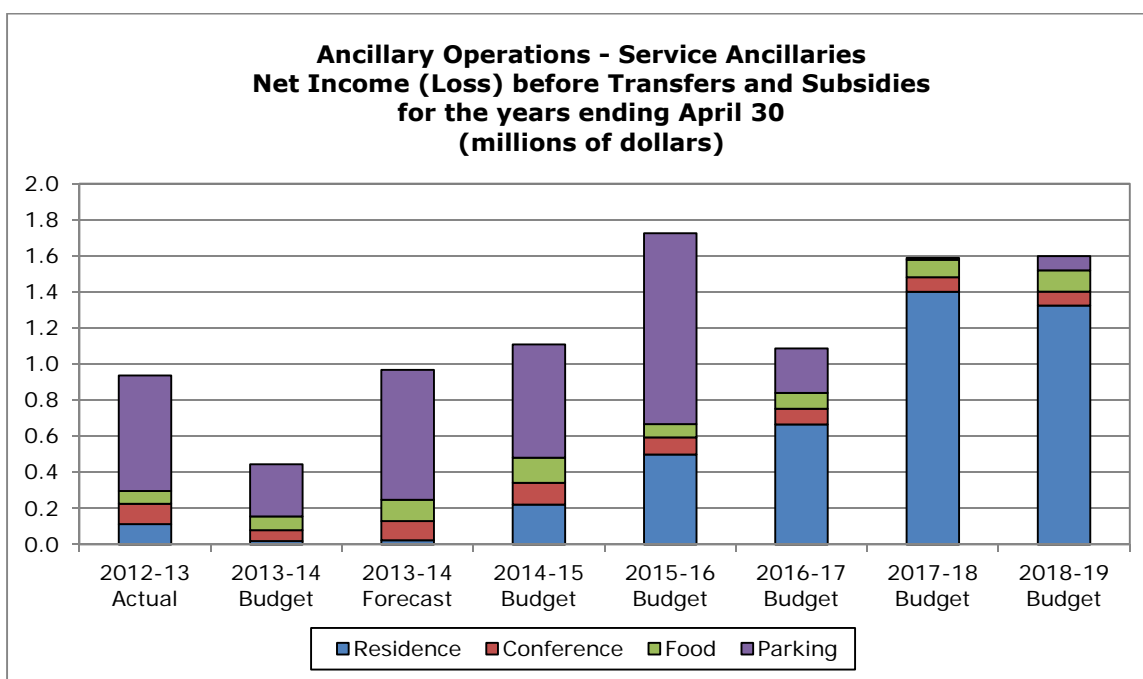
(d) Parking

Forecasted revenues are anticipated to exceed budgeted revenue by 6.2%. Revenue growth is attributed to an increase in Pay and Display Meter Revenue, believed to be the result of a change in the parking enforcement model.

Permit rate increases of 3.0% are applied in 2014-15, increasing budgeted revenue by \$0.1 million over 2013-14. The long-range plan also includes an increase in Pay and Display revenues in 2015-16 due to Pan Am. The ancillary anticipates the opportunity to charge premium event parking rates due to the expected demand for parking in excess of supply. Formal discussion and plans will occur during 2014-15 to confirm parking needs for Pan Am, while minimizing any disruption to UTSC and Centennial College parking users. Parking permit rate increases, currently planned at 3.0%, is maintained over the remainder of the planning period in order to support operations and accumulate reserves in anticipation of construction of a parking structure in 2016-17.

Net Income (Loss)

The forecasted net income for 2013-14 is \$1.0 million, which is \$0.6 million above budget and \$0.1 million over 2012-13. The main contributor of favourable net income is from Parking Services (\$0.4 million) due to growth in revenues, salary wage and benefits savings, and postponing major maintenance projects to 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 |
|-------------------|---------------------------|---------------------------|-----------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Residence | 0.1 | 0.0 | 0.0 | 0.2 | 0.5 | 0.7 | 1.4 | 1.3 |
| Conference | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Food | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Parking | 0.6 | 0.3 | 0.7 | 0.6 | 1.1 | 0.2 | 0.0 | 0.1 |
| Net Income | 0.9 | 0.4 | 1.0 | 1.1 | 1.7 | 1.1 | 1.6 | 1.6 |

The outlook on net income over the next five years is positive, with an increase of \$0.5 million to 2018-19 from 2014-15 mainly attributed to steady Residence rate increases. Net income in Conference and Food Services are each expected to remain stable to 2018-19 due to growth from enrolment, offset by increases in fixed costs and new staffing. Parking Services is expected to have a favourable

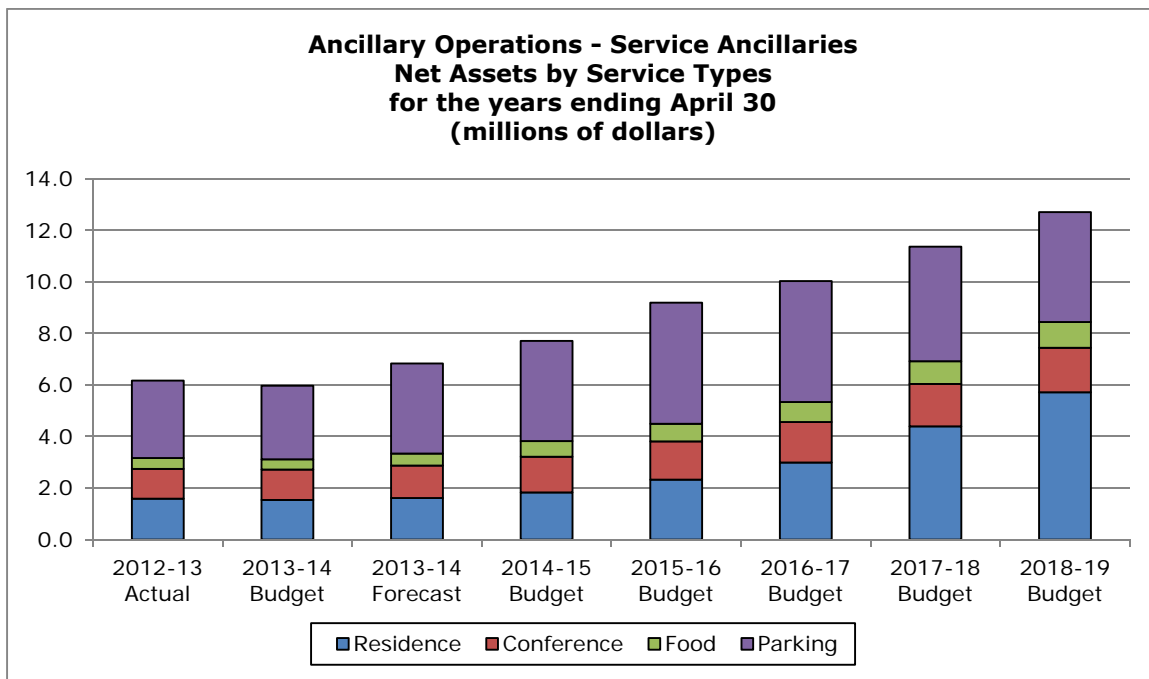
year in 2015-16 due to Pan Am event parking, however net income will decline beginning 2016-17 when Parking assumes a new loan for the standalone structure.

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 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, amortization charges cause a decrease in the investment in capital assets category as the amortization is funded from future revenues, thus increasing the unrestricted net assets category.

The following chart shows 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 | 1.6 | 1.5 | 1.6 | 1.8 | 2.3 | 3.0 | 4.4 | 5.7 |
| Conference | 1.2 | 1.2 | 1.3 | 1.3 | 1.5 | 1.6 | 1.6 | 1.7 |
| Food | 0.4 | 0.4 | 0.5 | 0.6 | 0.7 | 0.8 | 0.9 | 1.0 |
| Parking | 3.0 | 2.9 | 3.5 | 3.9 | 4.7 | 4.7 | 4.4 | 4.3 |
| Total | 6.2 | 6.0 | 6.8 | 7.7 | 9.2 | 10.0 | 11.4 | 12.7 |

For 2013-14, the service ancillaries are forecasting total net assets of \$6.8 million. The 2014-15 operating plans project total net assets of \$7.7 million, the difference coming from the Net Income described above.

The anticipated total net assets of \$7.7 million in 2014-15 are the sum of \$2.9 million investment in capital assets, \$1.1 million commitments to capital renewal, \$1.5 million to operating reserves, and \$3.6 million to new construction reserves, partially offset by \$1.4 million in unrestricted deficit.

**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 | (1.4) | 1.9 | 0.7 | 0.6 | - | 1.8 |
| Conference | - | - | - | 0.5 | 0.9 | 1.4 |
| Food | - | 0.4 | - | 0.1 | 0.1 | 0.6 |
| Parking | - | 0.6 | 0.3 | 0.2 | 2.7 | 3.9 |
| Total | (1.4) | 2.9 | 1.1 | 1.5 | 3.6 | 7.7 |

Net assets are expected to grow to \$12.7 million in 2018-19, reflecting an increase of \$5.0 million from 2014-15. This increase consists of \$3.9 million from Residence, \$0.4 million from Conference Services, \$0.4 million from Food, and \$0.4 million from Parking Services.

Residence is projecting that it will clear its unrestricted deficit by 2016-17. 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 2013-14, the service ancillaries are projecting total outstanding debt of \$20.1 million (on original loans issued of \$30.8 million), of which \$13.9 million is attributed to Residence and \$6.2 million from Parking. The estimated principal and interest repayments for Residence are expected to be \$1.8 million, which is 31.0% of its revenues. Parking Services' 2013-14 principal and interest repayment is \$0.7 million or 23.4% of its revenues. The estimated interest costs for Residence will be \$1.0 million, or 16.6% of revenues and 17.2% of expenses. Parking will incur \$0.4 million of interest expense, which represents 14.6% of its revenues or 20.3% of expenses.

**Ancillary Operations - Service Ancillaries
Principal Loan Balances
for the years ending 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 | 14.8 | 13.9 | 13.1 | 12.1 | 11.1 | 10.4 | 9.6 |
| Conference | - | - | - | - | - | - | - |
| Food | - | - | - | - | - | - | - |
| Parking | 6.4 | 6.2 | 5.9 | 5.6 | 14.3 | 13.8 | 13.3 |
| Total Loan Balance | 21.3 | 20.1 | 19.0 | 17.7 | 25.3 | 24.2 | 23.0 |

In its long-range plan, Parking Services has estimated a down payment of \$3.0 million towards a loan of \$12.0 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 specifications that will be developed through the advisory and capital committee process.

Factors such as enrolment 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. At this time, it is unknown how financing will be determined, but Residence is committed to reducing its current unrestricted deficit in support of this initiative.

Review of UTSC Ancillary Operations

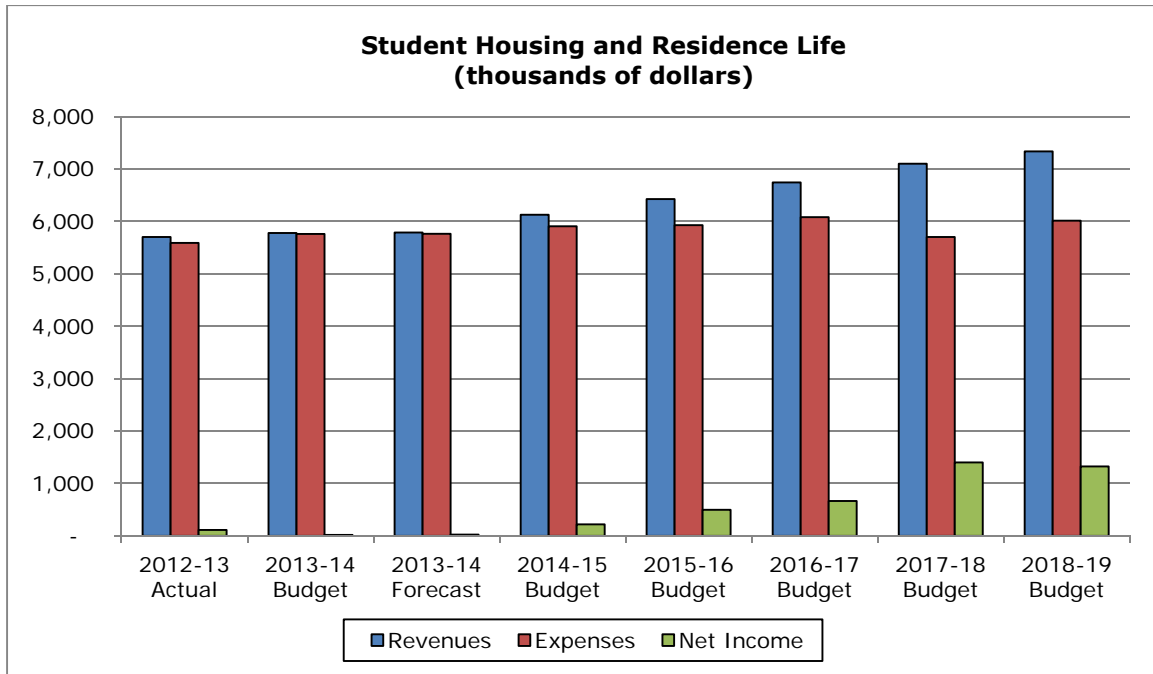
UTSC ancillaries are continuing to experience positive growth in each of their service areas. Residence is committed to enhancing its mix of products and services in order to provide an optimal student experience and to support the strategic direction of the University. Conferences continues to partner 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. The ancillary will also have released a request for proposal for a food contractor in 2013-14 as the current agreement expires in August 2014. 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 specially designed for accessibility students. First year residents have outnumbered upper year residents since 2005-06, and continued campus growth indicates that this trend will continue. Two four-bedroom suites in Joan Foley Hall will be designated as graduate housing in 2014-15.

Key accomplishments in 2013-14 are: completed kitchen and bathroom renovations in Juniper Hall; successful transition of housing management software from RMS to StarRez as part of the tri-campus initiative; enhanced interventions and supports to residences in community living, communication and conflict resolution; moved forward on monitoring wireless smoke detectors in all townhouses, which has significantly improved fire prevention and life safety; 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.



| | 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 | 5,703 | 5,781 | 5,788 | 6,129 | 6,428 | 6,746 | 7,103 | 7,338 |
| Expenses | 5,590 | 5,762 | 5,765 | 5,909 | 5,929 | 6,081 | 5,703 | 6,015 |
| Net Income | 112 | 19 | 23 | 220 | 498 | 665 | 1,400 | 1,323 |
| % Revenue Δ | | 1.4% | 0.1% | 5.9% | 4.9% | 5.0% | 5.3% | 3.3% |

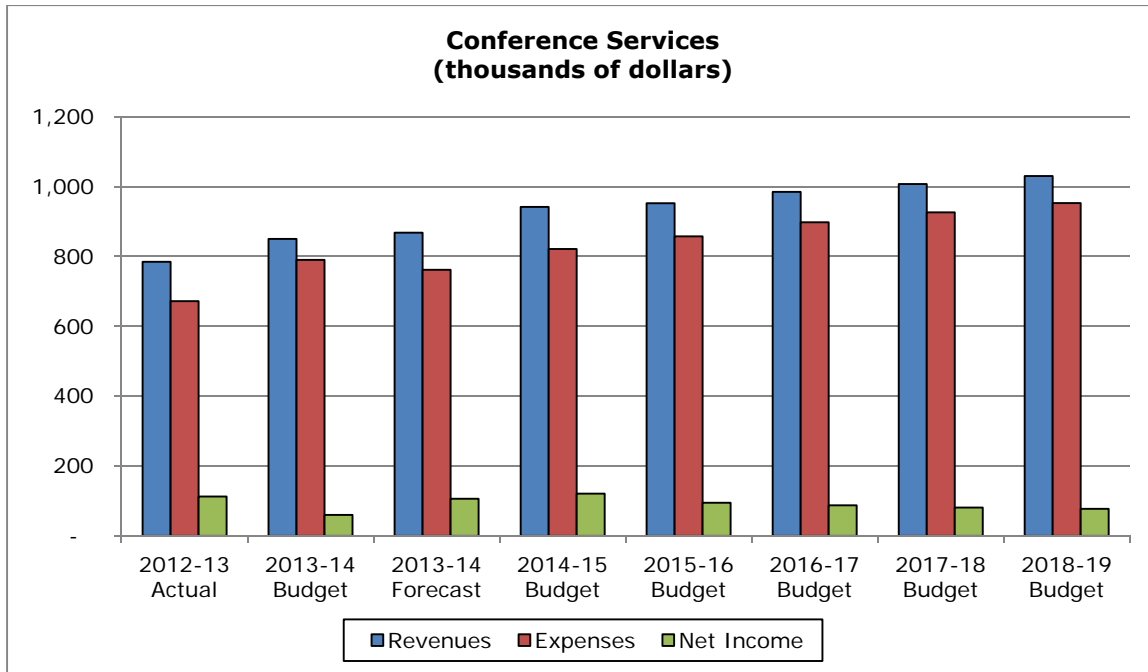
The ancillary is forecasting net income of \$23k in 2013-14, which is \$4k (24%) better than budget. The positive outcome is due to higher miscellaneous income from laundry and forfeited deposits than expected. Summer occupancy was higher than anticipated at 77% vs. 68% budgeted; however, this gain was offset by slightly lower Fall/Winter occupancy of 96% compared to the 98% target. The financial impact of this 2% occupancy variance is \$74k or 1.5%. The positive net income result in 2013-14 is also attributed to overall savings in union salaries and benefits due to various position vacancies, which are expected to be filled by the end of 2013-14. Savings in Utilities is the result of consumption that was lower than historical averages, which were used to budget 2013-14. These savings were reduced by unexpected equipment rental costs associated with generator rental and hook-up for planned campus power outages.

In 2014-15, Residence is projecting \$220k of net income, mainly driven by a 5.0% residence fee increase and 98% occupancy. Net assets will be \$1,829k with an unrestricted deficit of \$1,389k, a capital renewal reserve of \$742k, operating reserve of \$622k and investment in capital assets of \$1,854k.

The ancillary expects to clear the unrestricted deficit by 2016-17 as well as build a reserve for new construction. This will be achievable through steady residence fee increases through to 2018-19. 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 wireless smoke detector monitoring, mould remediation, and replacement of equipment in Phase I and II. Significant capital projects over the planning period include replacement of the roof in Joan Foley Hall beginning 2014-15 and grounds work in 2016-17. Net assets are expected to reach \$5,716k in 2018-19.

(b) Conference Services

Conference Services continues to benefit from growth in international recruitment programs, specifically Green Path and the new FAIR Taiwan program introduced this 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 the occupancy of all non-Green Path and FAIR Taiwan accommodations in the summer. The ancillary also collaborated with Athletics in bringing the National Wheelchair Basketball training camp this summer as it continues to partner with campus initiatives to create new revenue opportunities.



| | 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 | 785 | 850 | 868 | 942 | 952 | 985 | 1,007 | 1,030 |
| Expenses | 672 | 790 | 762 | 821 | 857 | 898 | 926 | 953 |
| Net Income | 113 | 60 | 106 | 121 | 95 | 87 | 81 | 77 |
| % Revenue Δ | | 8.3% | 2.1% | 8.5% | 1.1% | 3.4% | 2.3% | 2.3% |

The forecasted operating result in 2013-14 is \$106k, which is \$46k (or 77%) better than the \$60k budget. This is the result of the FAIR Taiwan program, which was introduced in 2013-14 and helped generate an additional \$23k in accommodation revenue. This gain was offset by a decline in facility/space rental revenues due to the limited number of classrooms and meeting space available to book in the summer due to an increase in new academic initiatives in 2013-14. Savings in casual wages and benefits also improved income as the department made provisions for a project assistant and additional summer conference support staff, which were not realized (savings of \$37k).

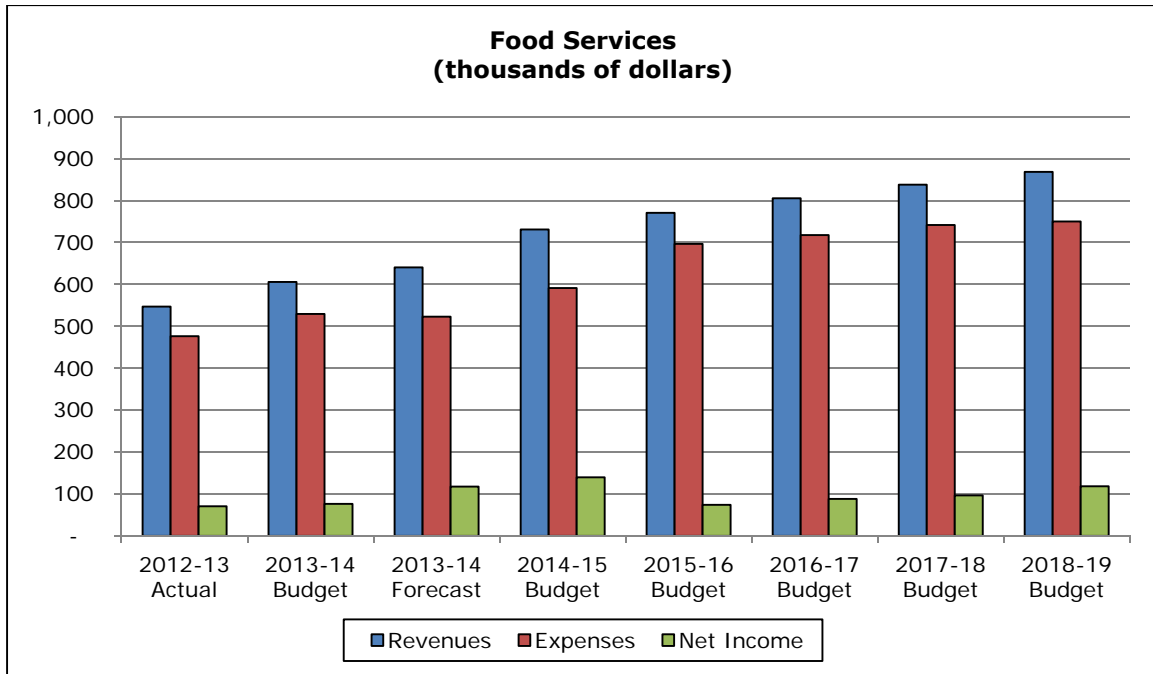
The 2014-15 plan shows a surplus of \$121k, which is 14% over the 2013-14 forecast. Net assets will be \$1,386k, with a new construction reserve of \$901k, operating reserve of \$471k, investment in capital assets of \$13k, and a minimal capital renewal reserve. This will be achievable through an 8.5% or \$74k increase in revenues mainly due to higher accommodation revenue driven by increased

enrolment in the Green Path and FAIR Taiwan programs. The ancillary will also focus on increasing its facility/space rental revenues through a strategic marketing plan and taking advantage of weekend facility bookings, which should enable Conference Services to broaden the scope of its client base.

By 2018-19, Conferences expects to accumulate net assets of \$1,726k, which represents \$1,217k towards the new construction reserve, \$504k operating reserve, \$5k investment in capital assets, and a minimal capital renewal reserve. Conference Services is focused on the development and execution of a marketing strategy to generate new business and prepare for the Pan Am Games in 2015-16. Timing of a new Phase V residence building will have a significant impact on Conference's growth plans in the long-term, particularly in its ability to attract academic conferences. A residence with a large dining hall and convertible meeting space will be attractive to delegates and improve the ancillary's competitive edge.

(c) Food and Beverage Services

Food Services involves eight retail offerings in the H-Wing Marketplace, the Beechgrove Café, and two Tim Horton's outlets. These units are contracted to Aramark, whose contract expires in August 2014. The ancillary will have released an RFP for a new contractor by the end of 2013-14. Also on campus, La Prep café is leased to an external operator. A Booster Juice kiosk also opened during the summer of 2013-14. Food Services are participants in the university wide food policy working group and have introduced the bottle-free water initiative, the halal standards program, and encourage the sourcing of local products. Food has partnered with UTSC's One Card Operation's T-Card+ campus card payment system providing marketing support and investment in equipment.



| | 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 | 547 | 606 | 643 | 734 | 774 | 809 | 842 | 872 |
| Expenses | 476 | 529 | 523 | 591 | 697 | 717 | 741 | 750 |
| Net Income | 71 | 76 | 120 | 143 | 77 | 91 | 100 | 122 |
| % Revenue Δ | | 10.7% | 5.7% | 14.2% | 5.4% | 4.5% | 4.0% | 3.6% |

The ancillary is forecasting net income of \$120k, which is \$44k better than budget (57%). This favourable variance is mainly attributed to higher commission revenue earned from improved catering services. With the support of Food Services, Aramark was able to gain a greater share of catering purchases from UTSC departments. Food is also experiencing a rise in manual sales due to continued improvements to service levels and the new Booster Juice outlet. Net assets will be \$465k, which represents \$212k investment in capital assets, \$124k operating reserve, \$122k new construction reserve, and \$7k capital renewal reserves.

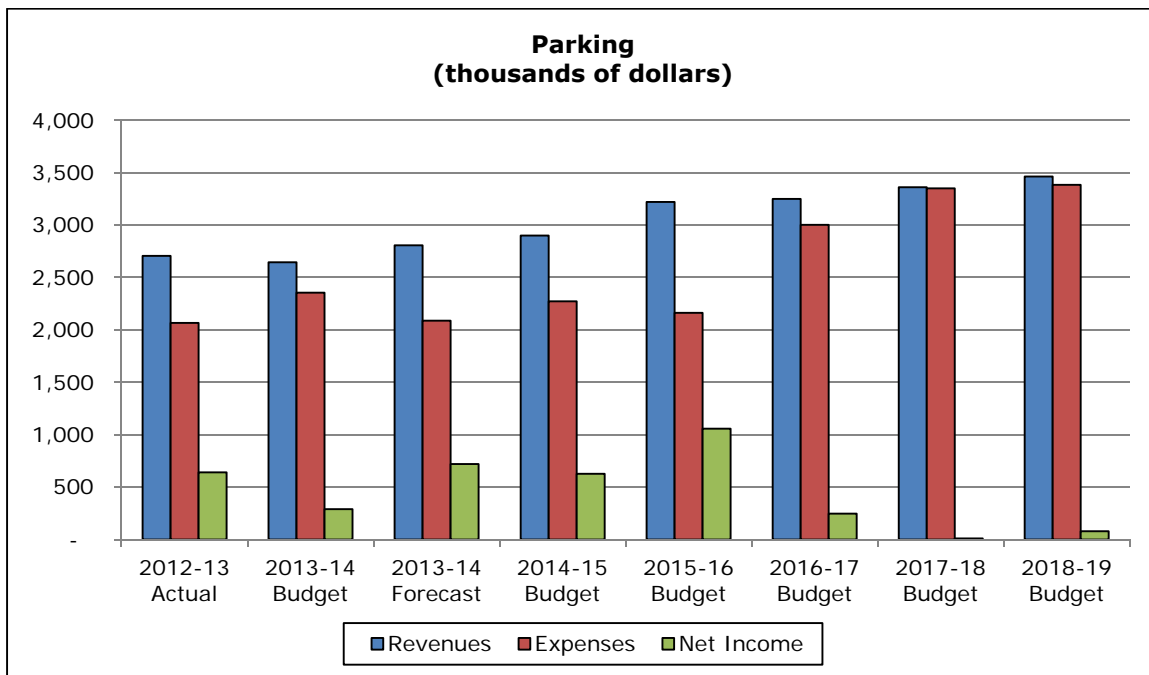
The ancillary is budgeting net revenues of \$734k, an increase of 14.2% over forecast due to a targeted commission rate increase by 1%. Other factors include increased enrolment, continued growth in catering sales and minor price increases. It is also expected that the T-Card+ payment system will increase the number of sales due to the attractiveness of tax savings on meal plans, and the overall

convenience of the Card's use. Net income is expected to be \$143k. Net assets are projected to be \$608k with \$381k investment in capital assets, \$142k operating reserve, \$78k in construction reserves, and \$7k maintained in capital renewal reserves.

The expectation is that operations would be functional during the games and avoid closure due to renovations. As such only limited capital expenditures are planned to 2016-17. Net assets are expected to reach \$999k in 2018-19 with \$666k allocated to the new construction reserve.

(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 341 spaces in the South Campus (inner) Lots and 2,393 North Campus (outer) Lots in 2013-14. 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 connections with GO Transit, Durham Region, York Transit and TTC.



| | 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 | 2,707 | 2,645 | 2,808 | 2,900 | 3,221 | 3,250 | 3,362 | 3,464 |
| Expenses | 2,066 | 2,356 | 2,088 | 2,272 | 2,163 | 3,004 | 3,351 | 3,385 |
| Net Income | 641 | 289 | 720 | 628 | 1,058 | 246 | 10 | 79 |
| % Revenue Δ | | -2.3% | 6.2% | 3.3% | 11.1% | 0.9% | 3.4% | 3.0% |

Parking is forecasting a surplus of \$720k, which exceeds the budget by \$431k (149%). This is the result of increased Pay and Display revenues, savings in salaries and benefits and delayed maintenance projects until 2014-15. Net assets will be \$3,492k with \$2,466k in the construction reserve, \$453k investment in capital assets, \$333k capital renewal reserve, and \$240k operating reserve.

The 2014-15 budget includes a 3.0% permit price increase for all categories of permits and no change to cash rates. Surplus is projected to be \$628k of which \$235k will be transferred to UTSC's operating budget. 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 the 2014-15 model, the maximum contribution the ancillary can fund is a \$3.0 million down payment toward a \$12.0 million loan in 2016-17. The ancillary recognizes that the actual cost could exceed \$12.0 million based on specifications that will be developed during 2014-15.

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 reaching \$4,264k in 2018-19.

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 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 the ancillaries prior to submission of operating plans to the Campus Affairs Committee.

Student / Local Committees and Councils

The Residence operating plan is reviewed by the Student Housing Advisory Committee that includes membership from residents at large, students living off campus in rental accommodations, and a residence advisor, as well as representation from the Scarborough Campus Residence Council President, elected members from the Scarborough Campus Student Union (SCSU), and the Director, Student Housing and Residence Life.

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 the formulation of focus groups.

Parking Services' and its Parking Advisory Review Committee, meet to discuss operational issues, services, safety, accessibility, and general business. Included in the Committee are academic staff and faculty, administration, and students. In 2014-15, the Committee will be consulted to discuss the impact on operations, rates, and services as a result of the proposed parking structure.

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, 2015
(with comparative projected surplus for the year ending April 30, 2014)
(thousands of dollars)

| | Revenues | Expenses | Net Income before Transfers | Transfers in/(out) | Net Income after Transfers 2015 | Net Income after Transfers 2014 |
|--------------|-----------------|-----------------|--|-------------------------------|--|--|
| Residence | 6,129 | 5,909 | 220 | - | 220 | 23 |
| Conference | 942 | 821 | 121 | - | 121 | 106 |
| Food | 734 | 591 | 143 | - | 143 | 43 |
| Parking | 2,900 | 2,272 | 628 | (235) | 392 | 492 |
| Total | 10,705 | 9,593 | 1,111 | (235) | 876 | 664 |

Summary of Long-Range Budget Results

(thousands of dollars)

| Service Ancillary | Objectives to be met in 2014-15 1 2 3 4 | | | | 2014-15 | | | | | 2014-15 | 2016-17 | 2018-19 |
|----------------------|---|-----|-----|----|--|---|---|---|--|---------------|---------------|---------------|
| | | | | | 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 | (1,389) | 1,854 | 742 | 622 | - | 1,829 | 2,992 | 5,716 |
| Conference | Yes | Yes | Yes | No | - | 13 | 1 | 471 | 901 | 1,386 | 1,567 | 1,726 |
| Food | Yes | Yes | Yes | No | - | 381 | 7 | 142 | 78 | 608 | 776 | 999 |
| Parking | Yes | Yes | Yes | No | - | 647 | 327 | 248 | 2,663 | 3,884 | 4,696 | 4,264 |
| Total | | | | | (1,389) | 2,894 | 1,077 | 1,483 | 3,642 | 7,707 | 10,032 | 12,704 |

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

| | Balance May 1, 2014 | Net Increase / (Decrease) in Commitments to Capital Renewal | Balance April 30, 2015 | Balance April 30, 2019 |
|--------------|--------------------------------|--|-----------------------------------|-----------------------------------|
| Residence | 782 | (40) | 742 | 556 |
| Conference | 0 | 1 | 1 | 0 |
| Food | 7 | - | 7 | 7 |
| Parking | 333 | (6) | 327 | 821 |
| Total | 1,122 | (45) | 1,077 | 1,384 |

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, 2014 | Increase / (Decrease) in Operating Reserve | Balance April 30, 2015 | Balance April 30, 2019 | Balance May 1, 2014 | Increase / (Decrease) in Operating Reserve | Balance April 30, 2015 | Balance April 30, 2019 |
| Residence | 594 | 28 | 622 | 721 | - | - | - | 2,910 |
| Conference | 434 | 37 | 471 | 504 | 813 | 89 | 901 | 1,217 |
| Food | 124 | 18 | 142 | 169 | 122 | (44) | 78 | 666 |
| Parking | 240 | 8 | 248 | 296 | 2,466 | 196 | 2,663 | 54 |
| Total | 1,392 | 91 | 1,483 | 1,689 | 3,401 | 241 | 3,642 | 4,847 |

University of Toronto Scarborough
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 | 23 | - | 23 | 220 | - | 220 | 498 | - | 498 |
| Conference | 106 | - | 106 | 121 | - | 121 | 95 | - | 95 |
| Food | 120 | (78) | 43 | 143 | - | 143 | 77 | - | 77 |
| Parking | 720 | (228) | 492 | 628 | (235) | 392 | 1,058 | (242) | 816 |
| Total | 970 | (306) | 664 | 1,111 | (235) | 876 | 1,728 | (242) | 1,486 |

| 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 | 665 | - | 665 | 1,400 | - | 1,400 | 1,323 | - | 1,323 |
| Conference | 87 | - | 87 | 81 | - | 81 | 77 | - | 77 |
| Food | 91 | - | 91 | 100 | - | 100 | 122 | - | 122 |
| Parking | 246 | (250) | (4) | 10 | (257) | (247) | 79 | (265) | (186) |
| Total | 1,089 | (250) | 840 | 1,592 | (257) | 1,335 | 1,602 | (265) | 1,337 |

University of Toronto Scarborough
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 | 387 | 321 |
| Conference | - | - |
| Food | 237 | 58 |
| Parking | 246 | 45 |
| Total | <u>870</u> | <u>424</u> |

Schedule of 2014-15 Ancillary Rates

| <u>Residence</u> | <u>2013-14</u> | <u>% Δ</u> | <u>2014-15</u> | <u>Inc. / (Dec.) per Month</u> |
|--|-----------------------|-------------------|-----------------------|---|
| <i>Fall/Winter Rates</i> | | | | |
| Phase I - III single | \$ 6,938 | 5.0% | \$ 7,285 | \$ 43.36 |
| Phase IV - single | \$ 7,581 | 5.0% | \$ 7,960 | \$ 47.38 |
| Phase I - III shared | \$ 5,138 | 5.0% | \$ 5,394 | \$ 32.11 |
| Phase I - III shared basement | - | - | \$ 4,855 | - |
| <i>Summer Rates</i> | | | | |
| Phase I-III (academic term May 8 - August 27) | \$ 3,318 | 5.0% | \$ 3,484 | \$ 55.30 |
| Visitor Weekly Rate | \$ 207 | 5.0% | \$ 218 | |
| Ph IV-Foley Hall (academic term May 8 - August 27) | \$ 3,556 | 5.0% | \$ 3,734 | \$ 59.26 |
| Visitor Weekly Rate | \$ 222 | 5.0% | \$ 233 | |

Schedule of 2014-15 Ancillary Rates

| <u>Parking</u> | <u>2013-14</u> <u>Approved</u> | <u>2014-15</u> <u>Proposed</u> | <u>% Change</u> | <u>Change</u> <u>per mo.</u> | <u>Notes</u> |
|---|-----------------------------------|-----------------------------------|-----------------|---------------------------------|--------------|
| Permits: | | | | | |
| <u>South (Inner) Lots:</u> | | | | | |
| Annual , South Lot Employee Premium | \$ 1,055.05 | \$ 1,086.70 | 3% or... | \$ 2.64 .per month | |
| Annual, South Lot Employee Reserved | \$ 1,403.22 | \$ 1,445.32 | 3% or... | \$ 3.51 .per month | |
| Annual, Lot E Employee | \$ 949.54 | \$ 978.04 | 3% or... | \$ 2.37 .per month | |
| Summer Term | \$ 211.02 | \$ 217.35 | 3% or... | \$ 0.53 .per month | |
| Residence, Fall/Winter Term | \$ 746.94 | \$ 769.35 | 3% or... | \$ 1.87 .per month | |
| Residence, Summer Term | \$ 186.74 | \$ 192.35 | 3% or... | \$ 0.47 .per month | |
| Evening Payroll, Employee Annual | \$ 486.98 | \$ 501.59 | 3% or... | \$ 1.22 .per month | |
| Athletics Members | \$ 20.40 | \$ - | 0% | \$ - .per permit | D |
| Athletics Sunday Leagues | \$ 36.55 | \$ - | 0% | \$ - .per permit | D |
| <u>North (Outer) Lots:</u> | | | | | |
| Annual North Lot, Premium (Lot H) | \$ 892.75 | \$ 919.53 | 3% or... | \$ 2.23 .per month | |
| Annual North Lot, Payroll Employee | \$ 811.59 | \$ 835.94 | 3% or... | \$ 2.03 .per month | |
| Student, Fall/Winter | \$ 648.80 | \$ 668.26 | 3% or... | \$ 1.62 .per month | |
| Outer, Fall or Winter Term | \$ 363.33 | \$ 374.23 | 3% or... | \$ 0.91 .per month | |
| Summer Term | \$ 162.79 | \$ 167.67 | 3% or... | \$ 0.41 .per month | |
| Centennial Permit (September to May, purchase at Ce | \$ 684.78 | \$ 719.02 | 5% or... | \$ 2.85 .per month | A |
| Centennial Summer Permit | \$ 342.39 | \$ 359.51 | 5% or... | \$ 1.43 .per month | A |
| 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% | \$ - | E |
| 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 | 100% | \$ - | |
| Flat Rate, Evening | \$ 5.00 | \$ 5.00 | 100% | \$ - | |
| Flat Rate, Weekend | \$ 4.00 | \$ 4.00 | 100% | \$ - | |
| <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, Minimum | \$ 2.00 | \$ 2.00 | 0% | \$ - | B |
| Event Parking Rate, Maximum | \$ 20.00 | \$ 20.00 | 0% | \$ - | C |

Notes:

- A. The annual percentage increase of 5% is part of the parking agreement between UofT Scarborough and Centennial College.
 B. Minimum charge of \$2.00/day for event parking at various campus locations.
 C. Maximum charge of \$20.00/day for event parking at various campus locations.
 D. In 2014, Athletics will move to new Pan Am centre, no revenues anticipated from member parking.
 E. Lot G and H is construction site for Environmental Science and Chemistry Building