



FOR INFORMATION

PUBLIC

OPEN SESSION

TO: University Affairs Board

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

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PRESENTER: See Sponsor

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DATE: March 5, 2015 for March 17, 2015

AGENDA ITEM: 2 (a)

ITEM IDENTIFICATION:

Operating Plans: UTM Service Ancillaries

JURISDICTIONAL INFORMATION:

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

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

GOVERNANCE PATH:

1. Campus Affairs Committee [For Recommendation] (January 8, 2015)
2. UTM Campus Council [For Approval] (February 5, 2015)
3. **University Affairs Board [For Information] (March 17, 2015)**
4. Executive Committee [For Confirmation] (March 24, 2015)

PREVIOUS ACTION TAKEN:

At its meeting held on January 8, 2015, the UTM Campus Affairs Committee considered and recommended the proposal to the UTM Campus Council for approval. The UTM Campus Council approved the proposal on February 5, 2015.

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 2013-14 fiscal year, the forecast for 2014-15 and projections for the five year period, 2015-16 to 2019-20. Only the proposed budget for 2015-16 is presented for approval.

Presented for information to members are the following:

- The proposed 2015-16 Operating Plans and Budgets for the UTM Service Ancillaries, as summarized in Schedule 1 (page 23), the service ancillary capital budgets as summarized in Schedule 5 (page 29), and the rates and fees in Schedule 6 (pages 30 and 31).
- For a comprehensive look at the budgets, the detailed management reports and operating plans for each ancillary are contained in Appendices 1 to 4 (page 32 to 66).

Consultation:

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 and the University Affairs Board. 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 committees (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 2015-16 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. In addition, the ancillary operating plans and management reports were reviewed by the University of Toronto Financial Services Department (FSD). The review and consultation process is detailed in Appendix 5, on page 77.

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 2015-16 (a shortfall that can be covered by their Operating Reserve). The Residence operation is well on its way to achieving the challenging financial plan necessary to 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.

2015-16 Service Ancillary Operating Plans and Budgets:

The 2015-16 budget incorporates a \$0.9 million (5.1%) increase in revenues of which: \$0.5 million is from Residence; \$0.1 million is from Conference Services; \$0.4 is from Parking Services; while Food Services anticipates a decrease of \$0.1million.

Service Ancillary Capital Budgets:

Facilities improvements and equipment purchases, which can include everything from a stove to a roof replacement, total \$905,000 for Residence, \$75,000 for Food Services and \$9.3 million for Parking Services in 2015-16.

2015-16 Service Ancillary Rates and Fees:

The 2015-16 parking budget includes a 3% permit price increase. Pay & Display daily maximum rates will increase by \$1 (last increased in 2007). Residence rates are set to increase by 5.5% in 2015-16. Meal plan rates are set to increase on average by 1.5%, while retail food prices are expected to increase by 2.76% (a detailed breakdown of rate increases can be found in schedule 6).

FINANCIAL AND/OR PLANNING IMPLICATIONS:

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

RECOMMENDATION:

This memorandum is presented for information.

DOCUMENTATION PROVIDED:

UTM Service Ancillary Report on Operating Plans 2015-16 (December 1, 2014)



UNIVERSITY OF
TORONTO
MISSISSAUGA

Service Ancillary Report on Operating Plans

2015-16

December 1, 2014

Summary

The service ancillaries at UTM include the Student Housing & Residence Life (Residence), Conference, Food and Parking Services. 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 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.

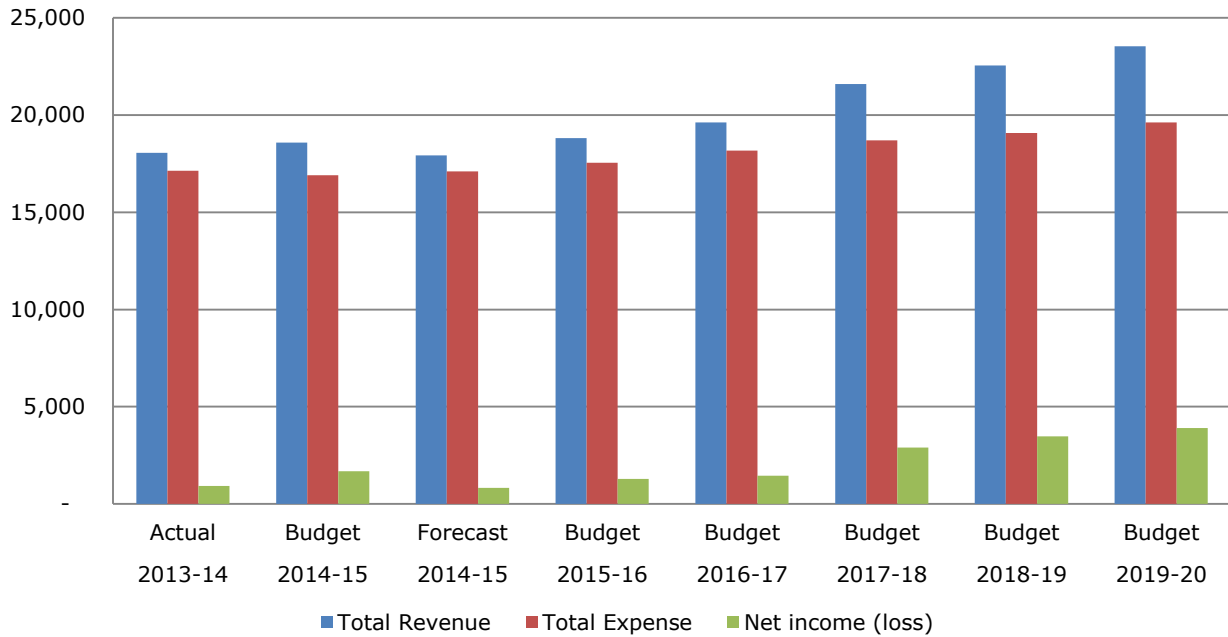
These operations are measured over the long-term on their success in meeting the following four objectives:

- 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.
- To provide for all costs of capital renewal, including deferred maintenance. Provision must be made for regular replacement of furniture and equipment.
- 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.
- 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 2014-15 forecasts, 2015-16 budgets and long range plans. The report also includes summary financial schedules which can be seen at Appendices 1 to 4.

Budget Highlights

Ancillary Operations - Service Ancillaries Revenues and Expenses for the years ended April 30 (thousands of dollars)



	2013-14 Actual	2014-15 Budget	2014-15 Forecast	2015-16 Budget	2016-17 Budget	2017-18 Budget	2018-19 Budget	2019-20 Budget
Revenue								
Residence	12,027	12,603	11,919	12,386	12,922	14,483	15,170	15,884
Conference	710	799	576	725	748	789	844	916
Food	1,991	1,810	1,994	1,867	1,984	2,215	2,290	2,343
Parking	3,336	3,370	3,431	3,847	3,977	4,112	4,252	4,396
Total Revenue	18,064	18,582	17,920	18,825	19,631	21,599	22,556	23,539
Total Expense	17,135	16,904	17,103	17,547	18,177	18,704	19,082	19,631
Net income (loss)	929	1,678	817	1,278	1,454	2,895	3,474	3,908

(*See detailed management reports and operating plans at Appendices 1 to 4)

The UTM service ancillaries are forecasting net income of \$0.8M before transfers at April 30, 2015 on total projected revenues of \$17.9M, which is \$0.9M less than budget. The forecasted net income is \$0.1M less than prior year actuals of \$0.9M. Compared to budget, the forecasted net income difference is \$0.8M, mainly due to a change in presentation by Residence of revenues for its Fall/Winter Fees for the Erindale Hall rooms that the UTM is replacing from the North 2 capital project. The

budget assumed this as revenue, however in the forecast, the revenue has been included as a transfer to ancillary operations on the Statement of Reserves (see Schedules 1 & 4). Food and Parking Services are anticipating better than budgeted results of 10.2% and 1.8%, respectively, due to higher sales from a larger campus population. Conference Services revenues are 27.9% less than budget due to a reduction in the availability of conference accommodation units with the loss of the Erindale Hall rooms and increased use by Residence for summer programs.

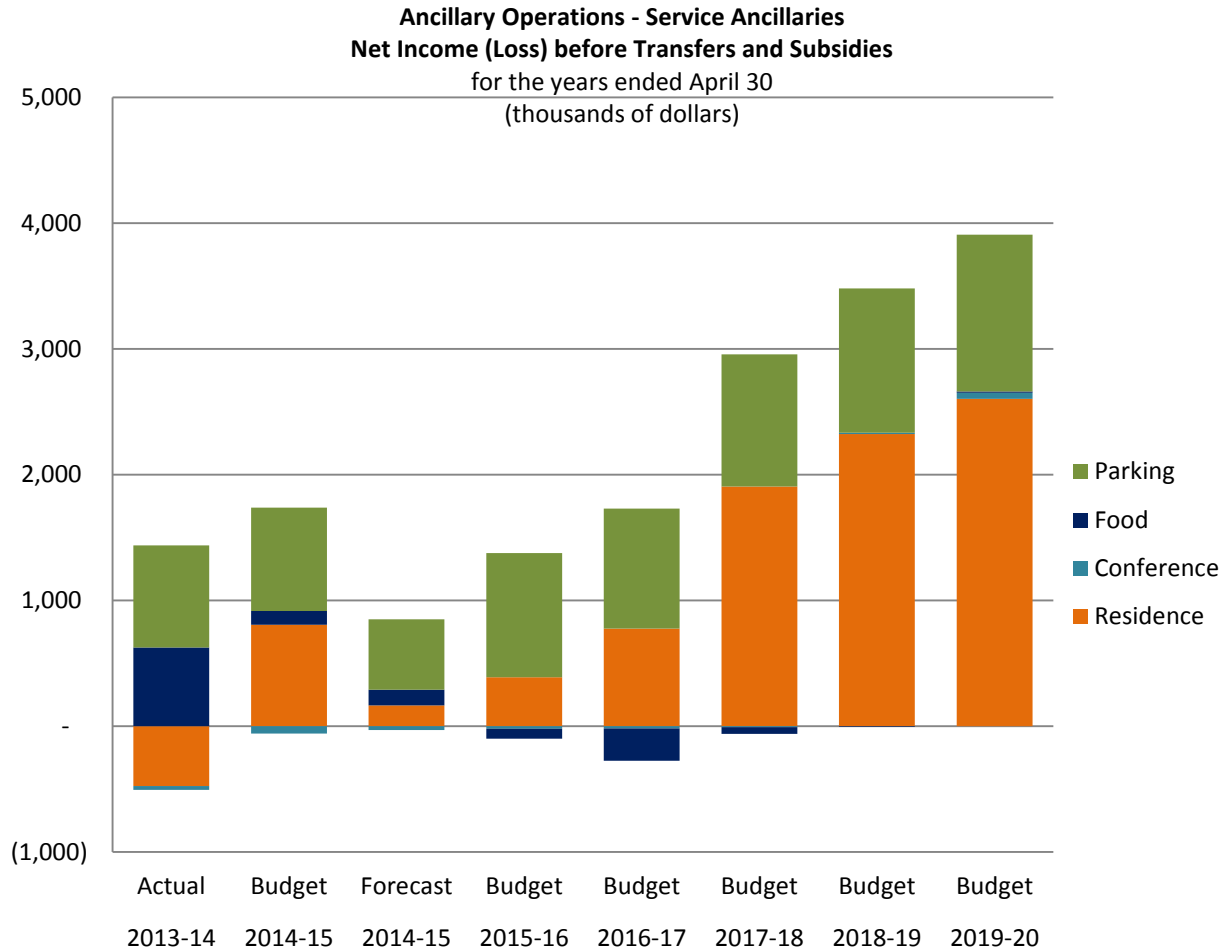
In 2015-16 the service ancillaries are budgeting an increase in revenues (from the 2014-15 forecast) of \$0.9M to \$18.8M, of which \$0.5M is from Residence, \$0.1M is from Conference and \$0.4M is from Parking, offset by a decrease of \$0.1M from Food. The revenue increases come from volume increases related to enrolment growth and price/rate increases in: Residence (5.5%), Food (meal plan average increase of 1.5% and retail prices at 2.76%) and Parking (3%). The overall decrease in Food revenues is due to an assumed decrease in commission rates with the new food services contract that is expected to be in effect commencing May 1, 2015. Parking revenues are expected to increase with the addition of 300 parking spaces from the construction of the new parking deck that is expected to open in the fall 2015.

Expenses are expected to increase \$0.4M (2.6%) over 2014-15 forecast reflecting increases due to contractual obligations and inflation.

The long range plan projects revenues to increase by \$4.7M of which \$3.5M is from Residence, \$0.2M from Conference, \$0.5M from Food and \$0.5M from Parking.

Net Income (Loss)

The forecasted net income for 2014-15 is \$0.8M before transfers and subsidies, which is \$0.9M less than budget. The apparent shortfall in net income is due to a change in presentation of the revenue from the UTM North 2 capital project for the Erindale Hall rooms that were repurposed into office space, as noted above. Contributing to Net Income are Food (\$0.02M) and Conference (\$0.02M), offset by Residence (\$0.6M) and Parking (\$0.3M).



Net Income (Loss) before Transfers and Subsidies

for the years ended April 30

(thousands of dollars)

	2013-14 Actual	2014-15 Budget	2014-15 Forecast	2015-16 Budget	2016-17 Budget	2017-18 Budget	2018-19 Budget	2019-20 Budget
Residence	(477)	807	164	388	775	1,906	2,323	2,602
Conference	(30)	(60)	(32)	(21)	(19)	(8)	11	49
Food	626	109	125	(78)	(257)	(53)	(7)	9
Parking	810	822	560	989	955	1,050	1,147	1,248
Net income (loss)	929	1,678	817	1,278	1,454	2,895	3,474	3,908

(*See detailed management report and management reports at Appendices 1 to 4)

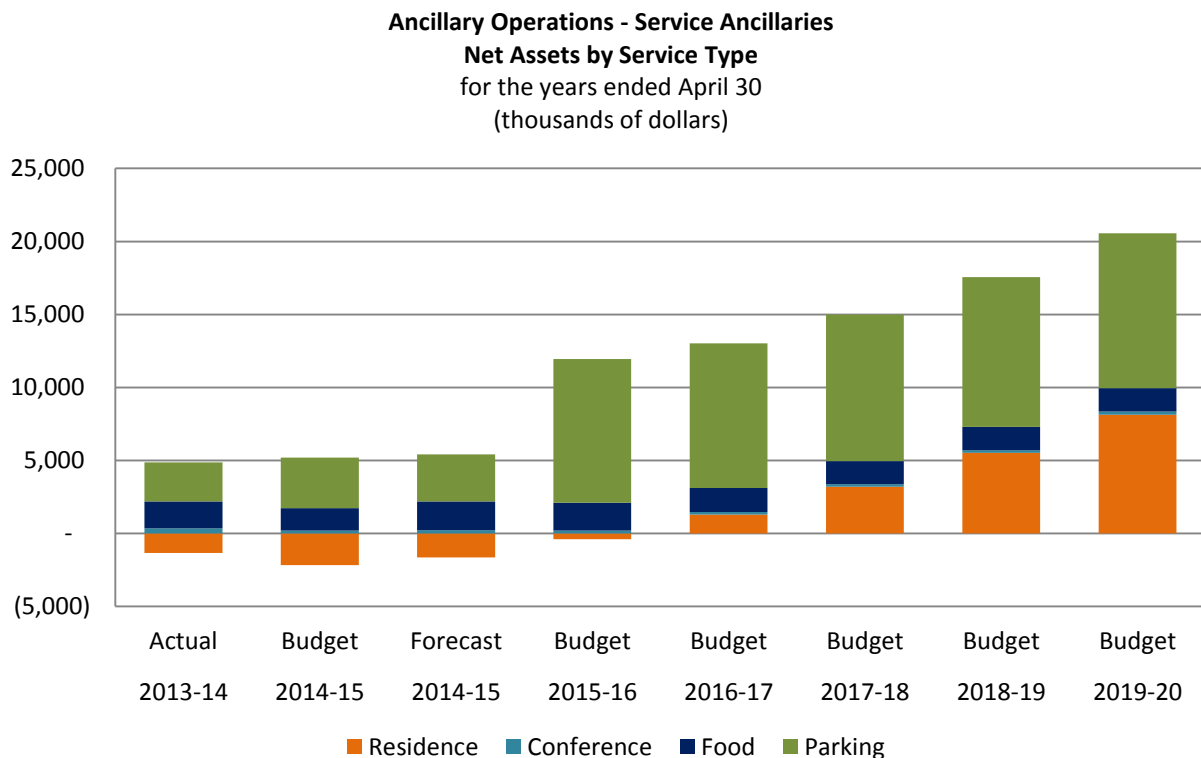
The chart shows the impact of expansion of parking spaces and food service outlets to accommodate growth over the period and a rebuilding of the conference business. Residence net income increases due to planned rate increases.

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 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 specific purpose.
- 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 been spent on capital assets less depreciation. The funds spent when a capital asset is purchased results in an increase in the investment in capital assets category and a decrease in the unrestricted net assets. Depreciation charges over the life of the capital asset will result in a decrease in the investment in capital assets and an increase in the unrestricted net assets.

The following chart shows the net assets for the ancillaries from 2013-14 to 2019-20.



Net Assets by Service Types
for the years ended April 30
(thousands of dollars)

	2013-14 Actual	2014-15 Budget	2014-15 Forecast	2015-16 Budget	2016-17 Budget	2017-18 Budget	2018-19 Budget	2019-20 Budget
Residence	(1,322)	(2,156)	(1,639)	(385)	1,297	3,203	5,527	8,129
Conference	348	201	216	194	175	167	178	227
Food	1,858	1,534	1,983	1,905	1,648	1,595	1,588	1,597
Parking	2,665	3,464	3,225	9,844	9,892	10,033	10,273	10,613
Net assets	3,549	3,043	3,785	11,558	13,012	14,998	17,566	20,566

(*See detailed management reports and operating plans at Appendices 1 to 4)

For 2014-15, the service ancillaries are forecasting total net assets of \$3.8M. The 2015-16 operating plans are projecting total net assets of \$11.6M, the difference coming from the Net Income, described above, and an internal loan transferred in from the UTM operating budget to the Parking ancillary for the parking deck that is being built in 2015, less the amount of the loan principal and interest repayment.

Net assets are expected to grow to \$20.6M by 2019-20, reflecting an increase of \$9.0M from 2015-16. This increase consists of a growth of \$8.5M from Residence, \$0.03M from Conference and \$0.8M from Parking offset by a decrease of \$0.3M from Food.

Net assets are 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 2015-16
(thousands of dollars)

	Unrestricted Surplus/Deficit	Investment in Capital Assets	Capital Renewal Reserve	Operating Reserve	Construction Reserve	Total Net Assets
Residence	(4,358)	2,453	527	993	-	(385)
Conference	159	-	-	35	-	194
Food	-	1,045	10	133	717	1,905
Parking	-	9,015	-	255	574	9,844
	(4,199)	12,513	537	1,416	1,291	11,558

(*See detailed management reports and operating plans at Appendices 1 to 4)

The anticipated total net assets for 2015-16 are \$11.6M. The Residence net deficit is due to building expansions to increase residence spaces in prior years. Food and Parking are allocating all unrestricted surpluses to their construction reserves for future capital expansions.

Ancillaries with accumulated deficits are charged interest on their deficits. The interest on this short term financing is charged through their operating account.

Ancillary Debt

The service ancillaries are projecting a total outstanding debt of \$51.5M (on original loans issued of \$64.3M) for 2014-15. Estimated principal and interest repayments for Residence is \$4.4M on an outstanding balance of \$42.4M and for Parking is \$1.0M on an outstanding balance of \$9.0M. This represents 36.9% and 30.4% of revenue, respectively.

The estimated interest cost on borrowing is \$2.8M or 23.4% of revenue or 23.7% of expenses for Residence and \$0.6M for Parking which represents 17.5% of revenues or 20.9% of expenses.

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

	2013-14 Actual	2014-15 Forecast	2015-16 Budget	2016-17 Budget	2017-18 Budget	2018-19 Budget	2019-20 Budget
Residence	44,578	42,420	40,121	37,671	35,060	32,277	29,310
Conference	-	-	-	-	-	-	-
Food	-	-	-	-	-	-	-
Parking	9,477	9,036	8,565	8,062	7,527	6,955	6,345
Total Loan Balance	54,055	51,456	48,686	45,733	42,587	39,232	35,655

The building expansion from 1997-8 to 2006-7 created a financial strain for Residence, including large borrowings and the resulting accumulated deficit (see Schedule 2). 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. Therefore, Residence expects its total fund balance, closing to turn positive in 2016-17.

A second parking deck, providing approximately 300 spaces, is planned to be constructed and opened in the fall of 2015. The challenge facing the Parking ancillary is that although all operating reserves in excess of expenses are being contributed to the construction reserve, the balance of this reserve will be insufficient to cover the estimated cost of the parking expansion. The construction reserve is estimated to be \$3.0M as of April 30, 2015. The difference of will be loaned from the UTM operating account.

Ancillary Operations - Service Ancillaries
Principal Loan Balance - Transfer in from UTM Operating
for the years ended April 30
(thousands of dollars)

	2013-14 Actual	2014-15 Forecast	2015-16 Budget	2016-17 Budget	2017-18 Budget	2018-19 Budget	2019-20 Budget
Parking Loan			6,235	5,956	5,508	5,024	4,499
Principal Repayments	-	-	(279)	(448)	(484)	(525)	(568)
Total Loan Balance	-	-	5,956	5,508	5,024	4,499	3,931

The Parking ancillary will repay this loan from the UTM operating account over a maximum of 10 years, commencing in September 2015.

The total principal and interest repayment is for 2015-16 is expected to be \$605k reflecting repayments from September 2015 to April 2016. Annual repayments are expected to be \$908k.

Given enrollment and overall campus growth, it may be necessary to further expand the parking deck by 2020-21. Consequently, the Parking ancillary will continue to set aside excess operating surpluses in the construction reserve as it has been for the current deck. The long range plan projects the construction reserve at \$2.8M and therefore there will be the requirement to borrow significantly more for the cost of that deck. The Parking ancillary will continue to review its permit and daily pricing and monitor expenses in order to try and build up the construction reserve, if possible.

Review of the 2014-15 Ancillary Operations

Residence bed inventory was impacted by the conversion of 100 rooms in Erindale Hall into offices for faculty and staff displaced during the demolition of phase 2 of the North Building construction. The occupancy rate for 2014-15 is slightly better than the 96% occupancy goal budgeted and about the same as the prior year.

Food Services opened a number of new outlets, including the North Side Bistro in Deerfield Hall. Grab and Go items and the Second Cup moved to the Kaneff/Innovation Complex and rotating food trucks were introduced as well. Revenues remain strong, outperforming the budget, with all realized profits redirected to investment in new outlets.

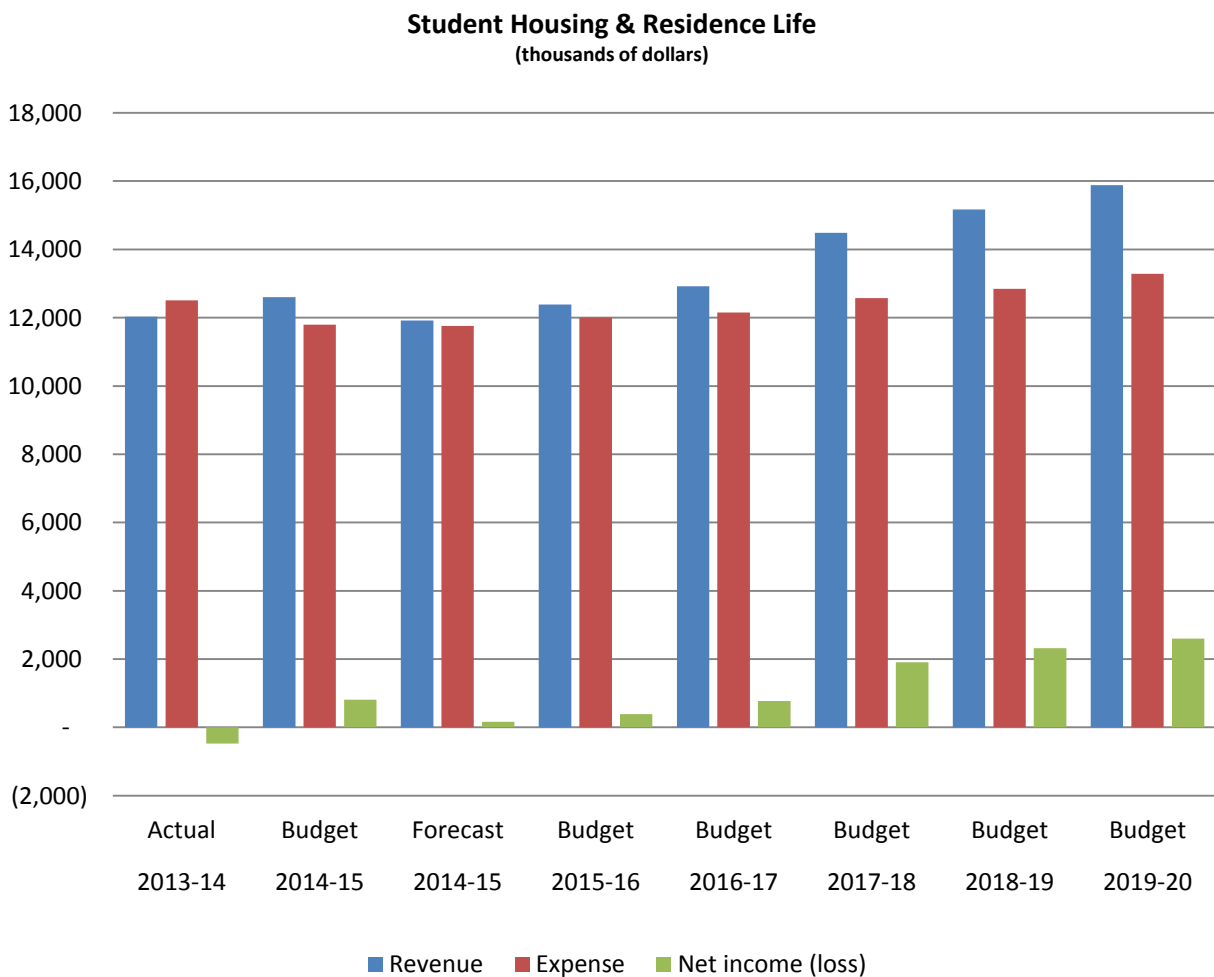
Conference Services was unable to meet its budget due to a reduction of residence rooms at Erindale Hall, as noted above, that were not available for conference groups. There were also fewer rooms in Oscar Peterson Hall due to summer courses and the ACE@UTM program.

Parking lots were very close to maximum capacity in the first six weeks of the fall term, after which, very few issues were encountered finding parking spaces. Parking continues to work with the Registrar's Office, examining traffic patterns and keeping a close eye on campus activities that may impact the ability to park at peak times. Parking continues to generate a surplus that is directed to the construction reserve that will help pay for the deck expansion scheduled to be completed over the summer of 2015, one year earlier than previously planned.

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 2014-15 is slightly better than budget of 96%.

This ancillary meets two of the objectives and it does not operate without a subsidy nor contribute to the operating budget.



**Ancillary Operations - Service Ancillaries
Student Housing & Residence Life
Revenue & Expense**
for the years ended April 30
(thousands of dollars)

	2013-14 Actual	2014-15 Budget	2014-15 Forecast	2015-16 Budget	2016-17 Budget	2017-18 Budget	2018-19 Budget	2019-20 Budget
Revenue	12,027	12,603	11,919	12,386	12,922	14,483	15,170	15,884
Expense	12,504	11,796	11,755	11,998	12,147	12,577	12,847	13,282
Net income (loss)	(477)	807	164	388	775	1,906	2,323	2,602
<i>Revenue increase</i>		4.8%	-5.4%	3.9%	4.3%	12.1%	4.7%	4.7%

(*See detailed management report and operating plan at Appendix 1)

2014-15 Forecast:

Revenues are expected to be better than budget because the ancillary was able to slightly exceed the budgeted occupancy of 96%. It should be noted that the \$645k variance from budget is due to a change in the presentation of the revenue. The budget showed the replacement of lost revenue in Erindale Hall as revenue. However, in the forecast, it is now shown more appropriately as a transfer in to ancillary operations. The net effect to the ancillary is nil.

Although there was continued interest for housing by summer ACE@UTM students and from the new International Experience week, summer conference revenues were down, but overall the ancillary achieved slightly better than budgeted summer revenues.

Salaries, wages and benefits were down due to various vacancies and staff turnover. Annual and major maintenance costs are also expected to be less than budget, reflecting changes in the projects that were completed during the year and actual costs coming in better than had been budgeted. Utilities are expected to be more than budget due to changes in utility rates.

The operating result before transfers is projected to be \$0.2M. The total fund balance closing, after the transfer in from UTM operating for the 100 Erindale Hall rooms, is expected to be a deficit of \$1.6M.

2015-16 Budget & Long Range Plan:

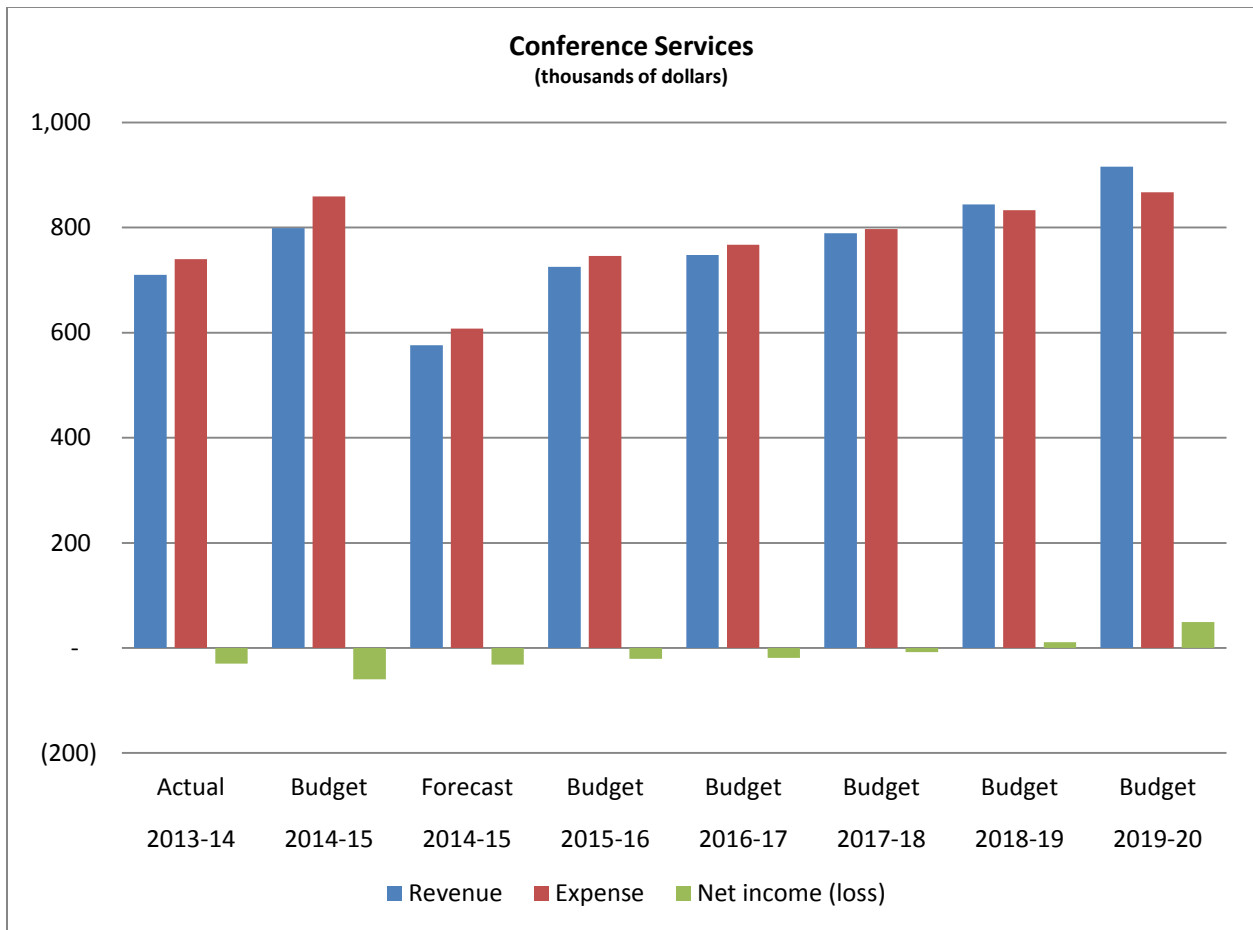
The 2015-16 operating plan includes a 5.5% rate increase and assumes an occupancy rate of 96%. Salaries, wages and benefits reflect increases related to contractual obligations and staffing changes, including a full staff complement. The ancillary is dedicated to reinvesting into the residence facilities and has planned \$0.9M in projects to be completed in 2015-16, including the installation of a new roof in Roy Ivor Hall, townhouse interior renovations and attic repairs, renewing the flooring in Roy Ivor Hall and complete various valve and plumbing repairs. The capitalization of these major capital improvements will be amortized over their useful life and expensed through the Furniture & Equipment Depreciation line.

The ancillary is projecting a closing Total Fund Balance deficit of \$0.4M in 2015-16. The Total Fund Balance, Closing is expected to turn positive in 2016-17.

Conference Services

The Conference ancillary produces income through the utilization of campus resources that would otherwise remain idle. Due to increasing limitations on residence beds and the loss of larger conference space, the ancillary has found it harder to maintain and attract larger conference groups.

Conference Services currently meets three objectives because the ancillary is expecting to have operating losses and therefore is not operating without subsidy from the operating budget.



Ancillary Operations - Service Ancillaries
Conference Services
Revenue & Expense
for the years ended April 30
(thousands of dollars)

	2013-14 Actual	2014-15 Budget	2014-15 Forecast	2015-16 Budget	2016-17 Budget	2017-18 Budget	2018-19 Budget	2019-20 Budget
Revenue	710	799	576	725	748	789	844	916
Expense	740	859	608	746	767	797	833	867
Net income (loss)	(30)	(60)	(32)	(21)	(19)	(8)	11	49
<i>Revenue increase</i>		12.5%	-27.9%	25.9%	3.2%	5.5%	7.0%	8.5%

(*See detailed management report and management report at Appendix 2)

2014-15 Forecast:

Conference Services revenue shortfalls are attributable to the effect of space constraints in a rapidly changing campus environment, including reduced meeting and conference space and residence rooms. Direct expenses are also expected to be less than budget. Salaries, wages and benefits shortfall is due to department reorganization and a staff vacancy for part of the year. Conference expenses are lower than budget as these vary directly with revenues.

The operating result before transfers is expected to be less than \$0.1M deficit and the closing total fund balance is expected to be \$0.2M after transferring \$0.1M to the UTM operating budget.

2015-16 Budget & Long Range Plan:

2015-16 reflects a conservative plan but the ancillary is expecting to increase its revenues as the ancillary is committed to promoting UTM as an ideal place for conference events and economical short term accommodation. The ancillary is designing a competitive pricing structure for accommodation, food and space venue rental rates and is adding a conference programming system to allow better capturing of transient accommodation business.

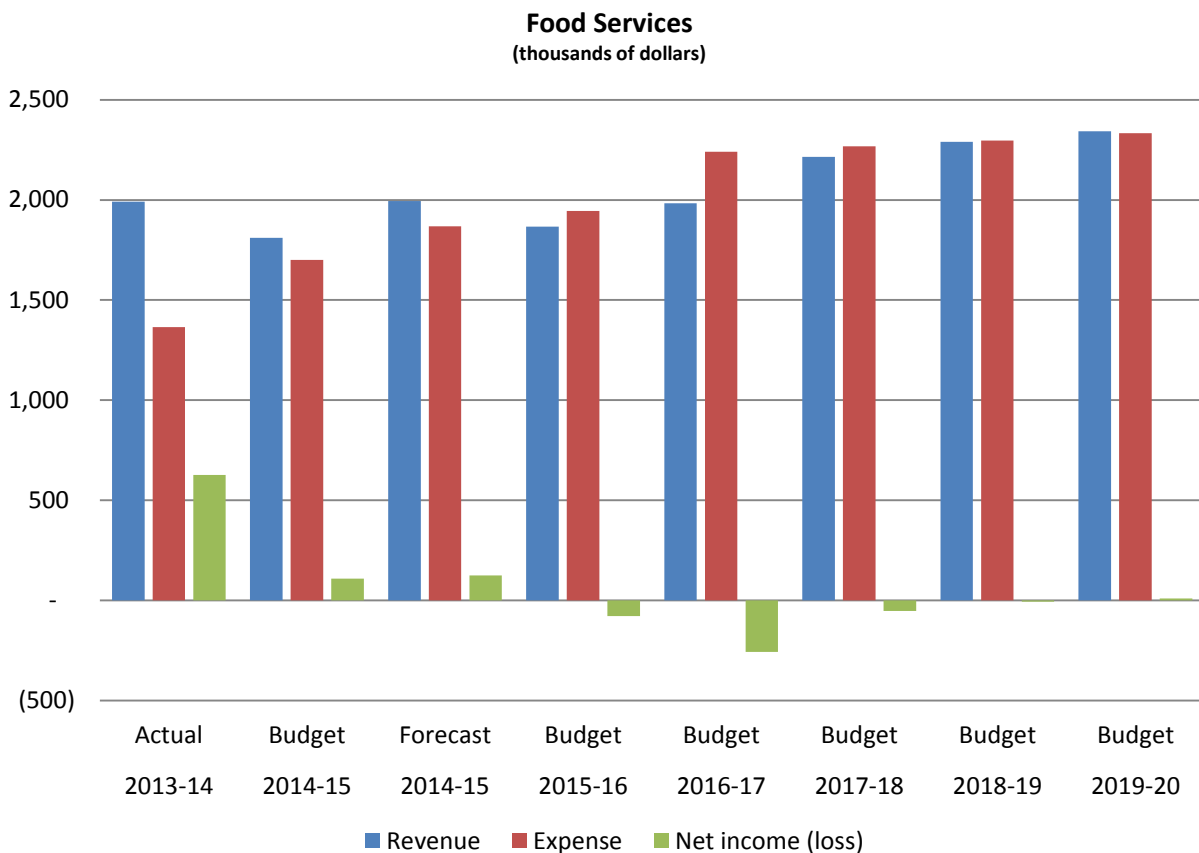
Direct expenses as noted above are largely variable to the revenues and therefore expected to also increase.

Total operating results before transfers are budgeted to be a deficit of less than \$0.1M and the total fund balance, closing is expected to be \$0.2M.

It is unclear as to whether the \$0.1M contribution to the University operating budget will be possible beyond 2014-15.

Food Services

Food Services are currently 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 Service at UTM. The Chartwells contract has been extended to April 30, 2015. A self-op feasibility study was completed, concluding that an independent service provider was the only financially feasible choice. The tendering of the Request for Proposal (RFP) for the food service provider will be completed in January 2015, with the contract planned to be awarded prior to the year end.



Ancillary Operations - Service Ancillaries
Food Services
Revenue & Expense
for the years ended April 30
(thousands of dollars)

	2013-14 Actual	2014-15 Budget	2014-15 Forecast	2015-16 Budget	2016-17 Budget	2017-18 Budget	2018-19 Budget	2019-20 Budget
Revenue	1,991	1,810	1,994	1,867	1,984	2,215	2,290	2,343
Expense	1,365	1,701	1,869	1,945	2,241	2,268	2,297	2,334
Net income (loss)	626	109	125	(78)	(257)	(53)	(7)	9
<i>Revenue increase</i>		-9.1%	10.2%	-6.4%	6.3%	11.6%	3.4%	2.3%

(*See detailed management report and operating plan at Appendix 3)

2014-15 Forecast:

The 2014-15 forecast is better than budget as a result of selling more larger sized meal plans and selling more meal plans were purchased by non-residents than anticipated. As well, increased revenues came from the opening of the North Side Bistro, the Food Truck program, and catering. Forecasted salaries, wages and benefits are higher than budget due to the addition of a casual communications position and a reallocation of labour to the food services ancillary. Furniture & Equipment depreciation increased due to the investments made in the newly opened food outlets and the expanded Colman Commons. Other expenses are forecast higher than budget due to consulting costs incurred in planning for the Davis Building Food Court and increased support of community events.

The forecasted operating result before transfer is anticipated to be \$0.1M with a total fund balance, closing of \$2.0M.

2015-16 Budget & Long Range Plan:

Total revenues for 2015-16 are expected to increase by 6.5% over forecast. This is due to increased enrollment on campus and a modest increase in the average student meal plan of 1.5%. Cost of sales is expected to increase by 9.7% over forecast due to the increased revenues and the anticipated terms of the new contract for service provision. Direct expenses are expected to increase due to contractual obligations, the increased use of the casual communications position, and the full year depreciation of furniture and equipment associated with the North Side Bistro, Innovation Centre Café, Colman Commons expansion, and Spigel kitchen renovations.

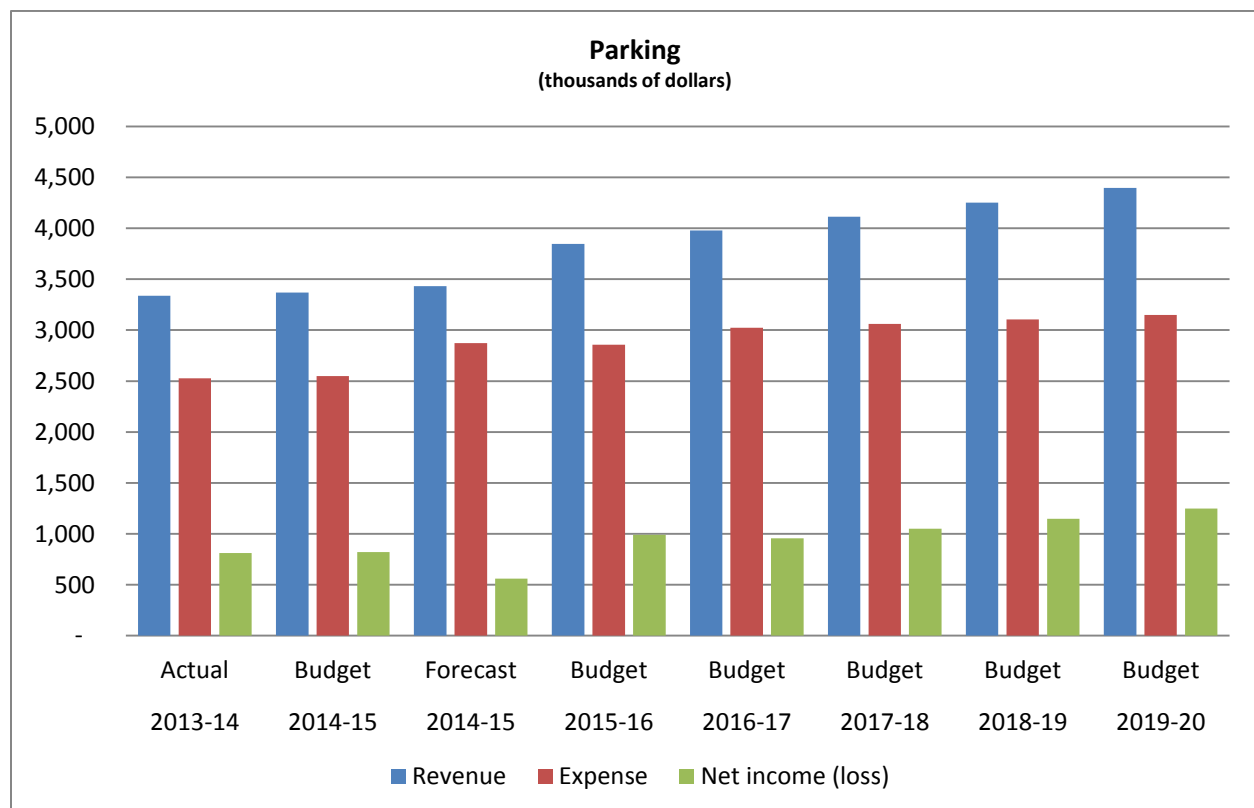
Operating results before transfers are budgeted to be a deficit of \$0.1M and the closing total fund balance is expected to be \$1.9M at the end of 2015-16.

The long range plan provides for investment of approximately \$0.2M for the construction of the North Building phase 2 food outlets, \$0.7M for the construction of the Davis Building permanent food court and \$0.2M in Starbucks renovations to support brand requirements.

Parking Services

UTM is a suburban commuter campus where the use of cars is more of necessity than the downtown campus. As of January 2015, UTM will have 2,348 (gross) parking spaces. With the completion of the parking deck expansion, there will be 2,648 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 has resulted in the need for a second parking deck of approximately 300 spaces one year earlier than projected, or in 2015. Although operating revenues in excess of expenses are contributed to the construction reserve, the accumulated amount will be insufficient to cover the entire cost of the new deck. Therefore a loan will be provided to cover the difference from the UTM operating budget.

The Parking ancillary meets two objectives for the 2015-16 budget year (see Schedule 2). The ancillary will not operate without a subsidy from the UTM operating budget and does not contribute net revenues to the operating budget.



**Ancillary Operations - Service Ancillaries
Parking**

Revenue & Expense
for the years ended April 30
(thousands of dollars)

	2013-14 Actual	2014-15 Budget	2014-15 Forecast	2015-16 Budget	2016-17 Budget	2017-18 Budget	2018-19 Budget	2019-20 Budget
Revenue	3,336	3,370	3,431	3,847	3,977	4,112	4,252	4,396
Expense	2,526	2,548	2,871	2,858	3,022	3,062	3,105	3,148
Net income (loss)	810	822	560	989	955	1,050	1,147	1,248
<i>Revenue increase</i>		1.0%	1.8%	12.1%	3.4%	3.4%	3.4%	3.4%

(*See detailed management report and operating plan at Appendix 4)

2014-15 Forecast:

Permit and Pay & Display revenues are expected to be better than budget due to having more permits available for sale and higher demand for parking. The increase in expenses over budget is mainly due to expansion of Lot 8 and the paving of Lot 11 that were not anticipated in the budget.

Therefore, the operating result before transfers is expected to be a surplus of \$0.6M and the total fund balance, closing of \$3.2M.

2015-16 Budget & Long Range Plan:

The 2015-16 budget includes a 3% permit price increase and the Pay & Display daily maximum will increase \$1 to \$14. Revenues are expected to also increase as a result of the opening of approximately 300 spaces on the 2nd deck, in the fall of 2015.

The cost of the parking deck will be paid for by the ancillary via its construction reserve and a loan from the UTM operating budget. The building depreciation expenses will increase as result of this investment which will be amortized over 25 years. Other expenses increase mainly due to contractual obligations and inflation.

The operating result before transfers is expected to be \$1.0M at the end of 2015-16. The closing total fund balance is expected to be \$9.8M in 2015-16 reflecting the loan as a transfer in to the ancillary from the UTM operating budget, less the principal and interest repayment. The closing total fund balance remains positive in the long range plan while taking into account annual payments of \$0.9M per year.

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

Service Ancillary	Revenue	Expense	Net Income/(Loss) before Transfers	Transfers in/(out)	Net Income/(Loss) after Transfers 2016	Net Income/(Loss) after Transfers 2015
	Residence	12,386	11,998	388	865	1,253
Conference	725	746	(21)	-	(21)	(132)
Food	1,867	1,945	(78)	-	(78)	125
Parking	3,847	2,858	989	5,630	6,619	560
Total	18,825	17,547	1,278	6,495	7,773	237

University of Toronto Mississauga
Summary of Service Ancillary Operations Long-Range Budget Results
(thousands of dollars)

Service Ancillary	2015-16				Unrestricted Surplus/ (Deficit)	Projected Investment in Capital Assets	Projected Commitment to Capital Renewal (Schedule 3)	Projected Operating Reserve (Schedule 3.1)	Projected Construction Reserve (Schedule 3.1)	2015-16	2017-18	2019-20
	Objectives to be met within 2015-16									Net Assets	Net Assets	Net Assets
	1	2	3	4								
Residence	no	yes	yes	no	(4,358)	2,453	527	993	-	(385)	3,203	8,129
Conference	yes	no	no	yes	159	-	-	35	-	194	167	227
Food	yes	yes	no	no	-	1,045	10	133	717	1,905	1,595	1,597
Parking	no	yes	yes	no	-	9,015	-	255	574	9,844	10,033	10,613
	Total				(4,199)	12,513	537	1,416	1,291	11,558	14,998	20,566

Objectives

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

1. Operates without 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 Ancillary Operations Budget Summary
Projected Funds to be Committed for Capital Renewal
for the years ending April 30
(thousands of dollars)

Service Ancillary	Balance May 1, 2015	Net increase (decrease) in commitments to capital renewal	Balance April 30, 2016	Balance April 30, 2020
Residence	527	-	527	527
Conference	-	-	-	-
Food	10	-	10	10
Parking	-	-	-	-
Total	537	-	537	537

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

Service Ancillary	Operating Reserve				Construction Reserve			
	Balance May 1, 2015	Increase/ (Decrease) in Operating Reserve	Balance April 30, 2016	Balance April 30, 2020	Balance May 1, 2015	Increase/ (Decrease) in Construction Reserve	Balance April 30, 2016	Balance April 30, 2020
Residence	933	60	993	1,025	-	-	-	-
Conference	33	2	35	40	-	-	-	-
Food	130	3	133	151	663	54	717	429
Parking	230	25	255	282	2,993	(2,419)	574	2,819
Total	1,326	90	1,416	1,498	3,656	(2,365)	1,291	3,248

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

Service Ancillary	2014-15 Forecast			2015-16 Budget			2016-17 Budget		
	Net Income/(Loss) before Transfers	Transfers in/(out)	Net Income/(Loss) after Transfers	Net Income/(Loss) before Transfers	Transfers in/(out)	Net Income/(Loss) after Transfers	Net Income/(Loss) before Transfers	Transfers in/(out)	Net Income/(Loss) after Transfers
Residence	164	(480)	(316)	388	865	1,253	775	908	1,683
Conference	(32)	(100)	(132)	(21)	-	(21)	(19)	-	(19)
Food	125	-	125	(78)	-	(78)	(257)	-	(257)
Parking	560	-	560	989	5,630	6,619	955	(908)	47
Total	817	(580)	237	1,278	6,495	7,773	1,454	-	1,454

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

Service Ancillary	2017-18 Budget			2018-19 Budget			2019-2020 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	1,906	-	1,906	2,323	-	2,323	2,602	-	2,602
Conference	(8)	-	(8)	11	-	11	49	-	49
Food	(52)	-	(52)	(7)	-	(7)	9	-	9
Parking	1,050	(908)	142	1,147	(908)	239	1,248	(908)	340
Total	2,896	(908)	1,988	3,474	(908)	2,566	3,908	(908)	3,000

University of Toronto Mississauga
Service Ancillaries Operations Budget Summary
Summary of 2015-16 Capital Budgets
 with comparative figures as at April 30
 (thousands of dollars)

Service Ancillary	2015-16	2014-15
Residence	905	953
Conference	-	-
Food	75	560
Parking	9,265	-
Total	10,245	1,513

**University of Toronto Mississauga
Schedule of 2015-16 Ancillary Rates**

	2014-15 Rate \$	2015-16 Rate \$	Increase \$	Increase %	Prior Year Increase %
Parking					
Reserved (annual)	961.96	990.82	28.86	3.0%	3.0%
Premium Unreserved (annual - Lots 4,8,9)	686.53	707.13	20.60	3.0%	3.0%
Unreserved (annual - Lots 4 & 8 only)	664.27	684.20	19.93	3.0%	3.0%
Student Unreserved (sessional - Lots 4 & 8 only)	276.77	285.07	8.30	3.0%	3.0%
Unreserved Afternoon (annual - after 3:30pm)	180.00	190.00	10.00	5.6%	-67.0%
Commercial (annual - Lots 4,8,9)	1,112.90	1,146.29	33.39	3.0%	3.0%
Pay & Display (daily maximum) <i>(6:30am to 8:00am next day)</i>	13.00	14.00	1.00	7.7%	-
Pay & Display (evening/weekend) <i>(5:00pm to 8:00am next day)</i>	6.00	6.00	-	-	-
Pay & Display (per half hour) <i>(6:30am to 5:00pm)</i>	2.50	2.50	-	-	-
Pay & Display (per half hour) <i>(weekdays 5:00pm to 8:00am next day; weekends & holidays)</i>	1.00	1.00	-	-	-
Food					
Group A					
Plus	4,699	4,799	100	2.1%	4.4%
Regular	4,349	4,399	50	1.1%	3.6%
Light	3,999	3,999	-	0.0%	1.3%
Minimum	3,649	3,699	50	1.4%	0.3%
Group B					
Regular	2,499	2,549	50	2.0%	4.2%
Light	2,199	2,249	50	2.3%	2.3%
Minimum	1,899	1,949	50	2.6%	2.7%

**University of Toronto Mississauga
Schedule of 2015-16 Ancillary Rates**

	2014-15 Rate \$	2015-16 Rate \$	Increase \$	Increase %	Prior Year Increase %
Residence					
<u>Undergraduate Students</u>					
Townhouses (Schreiberwood, McLuhan, Putnam, Leacock)	7,424	7,832	408	5.5%	5.0%
Premium Townhouses (Leacock 2 bedroom, MaGrath Valley)	8,281	8,736	455	5.5%	5.0%
Suites (Roy Ivor, Erindale)	8,281	8,736	455	5.5%	5.0%
Dormitory (Oscar Peterson)	7,424	7,832	408	5.5%	5.0%
<u>Family & Graduate Housing (per month)</u>					
Schreiberwood					
2 bedroom townhouse	1,325	1,391	66	5.0%	14.0%
May to Aug	1,391	1,512	121	8.7%	5.0%
Sept to April					
3 bedroom townhouse					
May to Aug	1,365	1,433	68	5.0%	14.0%
Sept to April	1,433	1,512	79	5.5%	5.0%
4 bedroom townhouse					
May to Aug	1,415	1,486	71	5.0%	16.0%
Sept to April	1,486	1,568	82	5.5%	5.0%
Small Bachelor					
May to Aug	818	859	41	5.0%	5.0%
Sept to April	859	906	47	5.5%	5.0%
Large Bachelor					
May to Aug	859	902	43	5.0%	5.0%
Sept to April	902	952	50	5.5%	5.0%
Shared Bachelor					
May to Aug	859	902	43	5.0%	5.0%
Sept to April	902	952	50	5.5%	5.0%