

FOR CONFIRMATION

PUBLIC

CLOSED SESSION

TO: Executive Committee

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PRESENTER:

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DATE: March 21, 2016 for March 29, 2016

AGENDA ITEM: 5 (f.)

ITEM IDENTIFICATION:

2016-17 Operating Plans for UTSC Service Ancillaries

JURISDICTIONAL INFORMATION:

Under the Terms of Reference for University of Toronto Scarborough Campus Affairs Committee, sections 5.1 and 5.3.1, the Committee considers and recommends to the UTSC Campus Council for approval the operating plans for the campus service ancillaries.

GOVERNANCE PATH:

1. UTSC Campus Affairs Committee (For Recommendation) (February 8, 2016)
2. UTSC Campus Council (For Approval) (March 1, 2016)
3. University Affairs Board (For Information) (March 15, 2016)
4. **Executive Committee (For Confirmation) (March 29, 2016)**

PREVIOUS ACTION TAKEN:

At its meeting held on February 8, 2016, the UTSC Campus Affairs Committee considered and recommended the 2016-17 UTSC service ancillary operating plan proposal to the UTSC Campus Council for approval at its March 1, 2016 meeting.

HIGHLIGHTS:

The UTSC Campus Affairs Committee considers and recommends operating plans for all UTSC service

ancillaries on an annual basis. Those plans include a management report that describes the proposed services and programs offered within the financial parameters of the University's operating budget and financial policies set by the Business Board. The plans also include each ancillary's annual operating budget, as well as changes to program and levels of service, categories of users, accessibility, and compulsory or optional fees. This year, the plans will report on actual financial results for 2014-15, the forecast for 2015-16, and projections for the five year period, 2016-17 to 2020-21. Only the proposed budget for 2016-17 is presented for approval.

Consultation

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

Each advisory group was provided with the opportunity to discuss ancillary management plans, operations, products, programs, and initiatives presented by the service ancillary. Discussions covered accessibility, hours of operations, pricing, service levels, current and future programs, and maintenance projects planned, as applicable. The various advisory committees provided feedback and guidance to topics brought forward by the service ancillaries, which were used to develop the operating plans submitted to the Committee for recommendation. The 2016-17 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.

2016-17 Service Ancillary Operating Plans and Budgets

Service ancillaries are budgeting net income of \$1.7 million before transfers at April 30, 2017 on projected revenues of \$12.4 million (see Schedule 1), which will primarily be applied to increase reserves for capital renewal, operating, and new construction, thus strengthening financial health.

2016-17 Service Ancillary Capital Budgets

The service ancillaries are budgeting capital expenditures of \$1.2 million in 2016-17 (see Schedule 5). The capital budgets include roof replacement and wireless infrastructure upgrades for Residence, a truck and plow for Parking Services, and seating area upgrades and kitchen equipment in Food Services.

2016-17 Service Ancillary Rates and Fees

Student Housing and Residence Life proposes an increase of 5% for summer fees, a 6% residence fee increase for townhouses, and 8% fee increase to apartment style suites. Parking Services proposes a 3% permit rate increase for all categories of UTSC permits, and a 22% increase to Lot K to apply pricing across lots categorized as premium due to demand and proximity to buildings.

These budgets and rates provided for approval for 2016-17 are reasonable based on the operating plans, which outline the opportunities and ongoing challenges facing the ancillaries, with the understanding that there will be continuing work to address various issues.

FINANCIAL IMPLICATIONS:

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

RECOMMENDATION:

Be It Confirmed

THAT the 2016-17 operating plans and budgets for the UTSC Service Ancillary, as summarized in Schedule 1; the Service Ancillary capital budgets as summarized in Schedule 5; and the rates and fees in Schedule 6, as presented in the documentation dated January 7, 2016, be approved effective May 1, 2016.

DOCUMENTATION PROVIDED:

Service Ancillary Report on Operating Plans, 2016-17



UNIVERSITY OF
TORONTO
SCARBOROUGH

Service Ancillary Report on Operating Plans

2016-17

January 7, 2016

TABLE OF CONTENTS

Introduction.....2

Financial Summary.....4

Residence.....13

Conference Services.....16

Food and Beverage Services.....19

Parking Services.....22

Review and Consultation Process.....24

Student / Local Committees and Councils.....24

**Schedule 1 Projected Operating Results for the year ending
April 30,2017.....26**

Schedule 2 Summary of Long-Range Budget Results.....27

**Schedule 3.1 Projected Funds to be Committed for Capital
Renewal for the year ending April 30, 2017.....28**

**Schedule 3.2 Projected Funds to be Committed for Operating
and New Construction Reserves for the year
ending April 30, 2017.....29**

**Schedule 4 Projected Operating Results for the years ending
2015-16 to 2020-21.....30**

Schedule 5 Summary of 2016-17 Capital Budgets.....31

Schedule 6 Schedule of 2016-17 Ancillary Rates.....32

Introduction

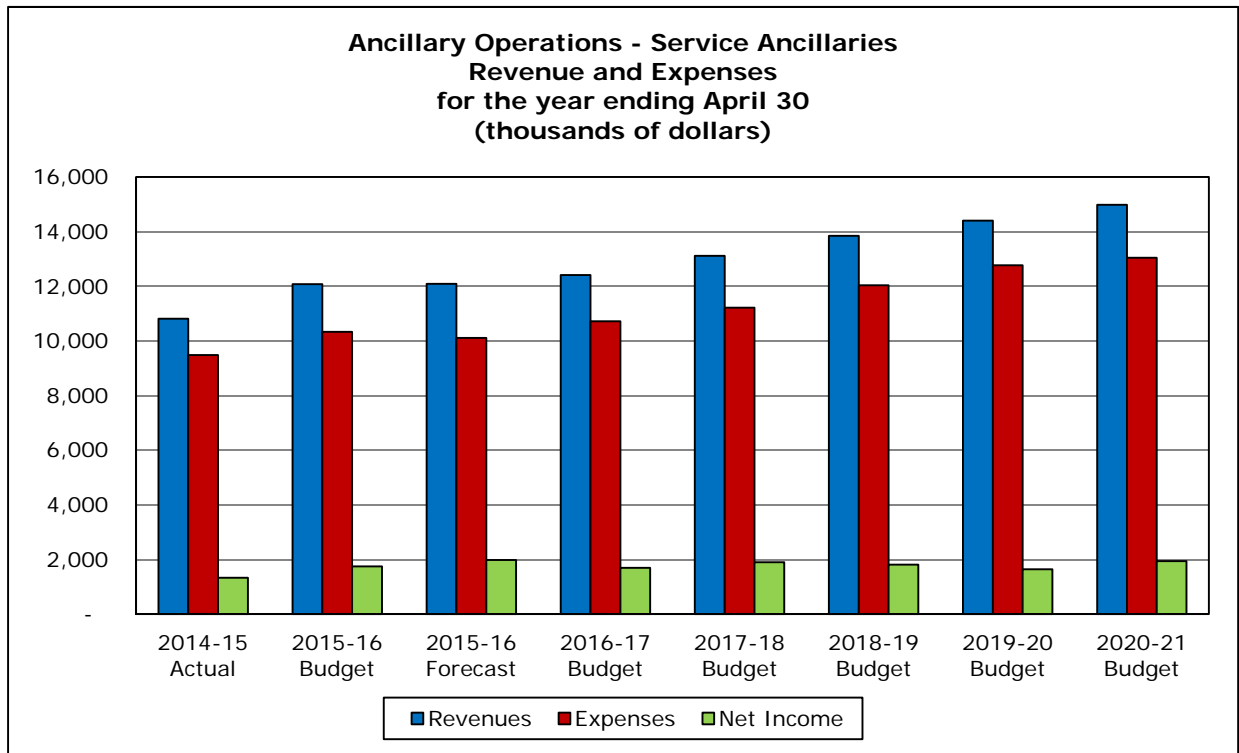
Service Ancillaries at the University of Toronto Scarborough (UTSC) include Student Housing and Residence Life, Conference Services, Food and Beverage Services, and Parking Services. These operations continue to benefit from opportunities resulting from enrolment growth on campus. The ancillaries are 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 maintaining facilities and services. Conference Services continue to optimize the availability of facilities and develop new sources of revenue. Food and Beverage Services continues to enhance its revenues by improving the client experience and partnering with new initiatives. Parking Services maintain quality parking facilities and services, while saving for an investment in a standalone parking structure.

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

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

This report includes highlights for 2015-16 forecasts, 2016-17 budgets, and long-range plans for each ancillary. This report also includes financial summaries of each ancillary. Copies of detailed submissions may be obtained from the Assistant Director, Capital and Business Operations.

Financial Summary

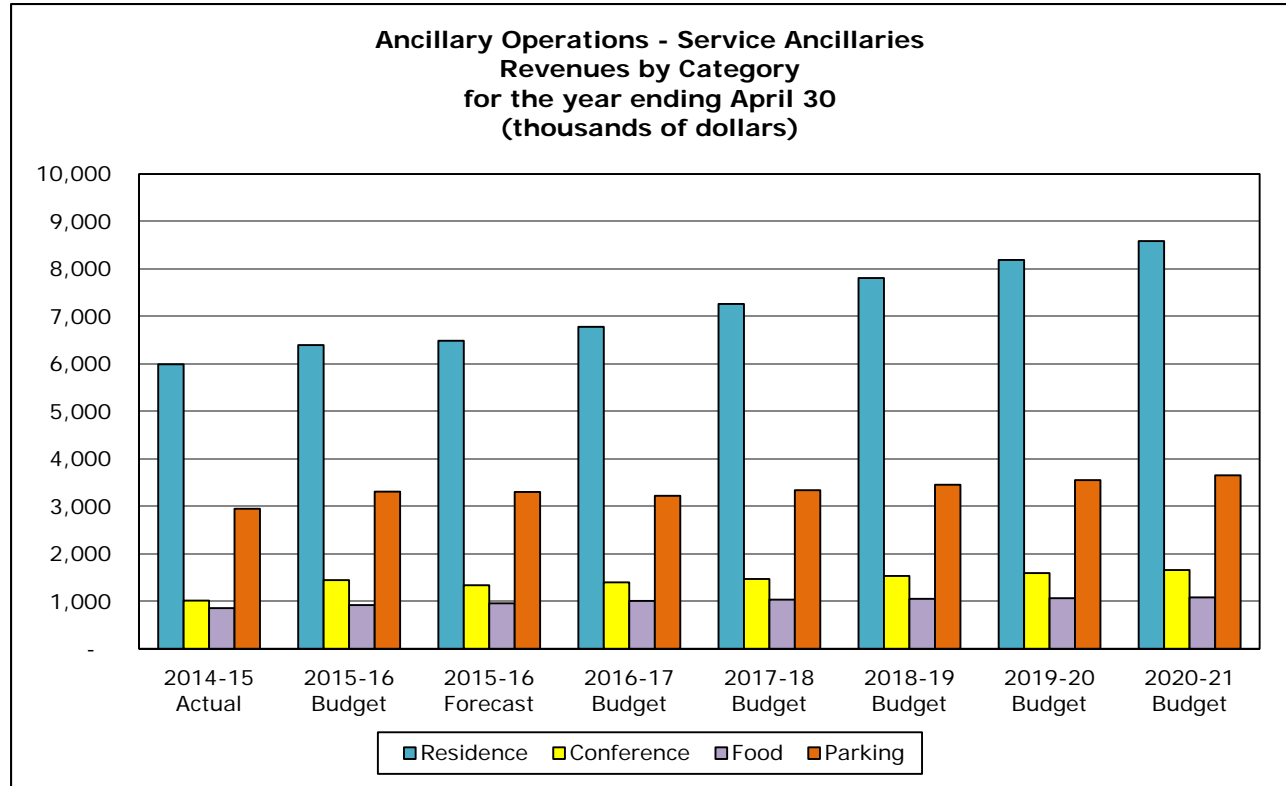


	2014-15 Actual	2015-16 Budget	2015-16 Forecast	2016-17 Budget	2017-18 Budget	2018-19 Budget	2019-20 Budget	2020-21 Budget
Revenues	10,811	12,073	12,089	12,410	13,110	13,845	14,402	14,981
Expenses	9,482	10,328	10,110	10,717	11,212	12,033	12,763	13,041
Net Income	1,330	1,745	1,979	1,693	1,898	1,812	1,638	1,941
% Revenue Δ		11.7%	0.1%	2.7%	5.6%	5.6%	4.0%	4.0%

UTSC service ancillaries are forecasting net income of \$1.9 million before transfers as at April 30, 2016 on projected revenue of \$12.1 million. The forecasted net income represents a \$0.6 million increase from last year's net income of \$1.3 million. Net income for projections for 2015-16 will exceed budget by is \$0.2 million. This is mainly due to favourable variances, with \$0.2 million attributed to Residence, \$0.1 million from Food Services, and \$0.1 million from Parking Services. This is offset by a negative variance of \$0.2 million in Conference Services.

For the 2016-17 budget, the service ancillaries are anticipating net income of \$1.7 million with \$12.4 million of revenues and \$10.7 million of expenses. Compared to the 2015-16 forecast, the \$1.7 million income will result from an increase of 2.7% in revenues and increase of 6% in expenses.

Overall, the ancillaries will achieve the 2015-16 revenue targets, reaching \$12.1 million. This result is attributed to better than expected revenues from Residence and Food and Beverage Services.



	2014-15 Actual	2015-16 Budget	2015-16 Forecast	2016-17 Budget	2017-18 Budget	2018-19 Budget	2019-20 Budget	2020-21 Budget
Residence	5,991	6,396	6,486	6,781	7,264	7,809	8,188	8,588
Conference	1,015	1,447	1,340	1,399	1,468	1,532	1,596	1,660
Food	856	920	959	1,008	1,036	1,051	1,064	1,082
Parking	2,950	3,309	3,305	3,222	3,341	3,453	3,553	3,652
Total Revenue	10,811	12,073	12,089	12,410	13,110	13,845	14,402	14,981
Expenses	9,482	10,328	10,110	10,717	11,212	12,033	12,763	13,041
Net Income	1,330	1,745	1,979	1,693	1,898	1,812	1,638	1,941

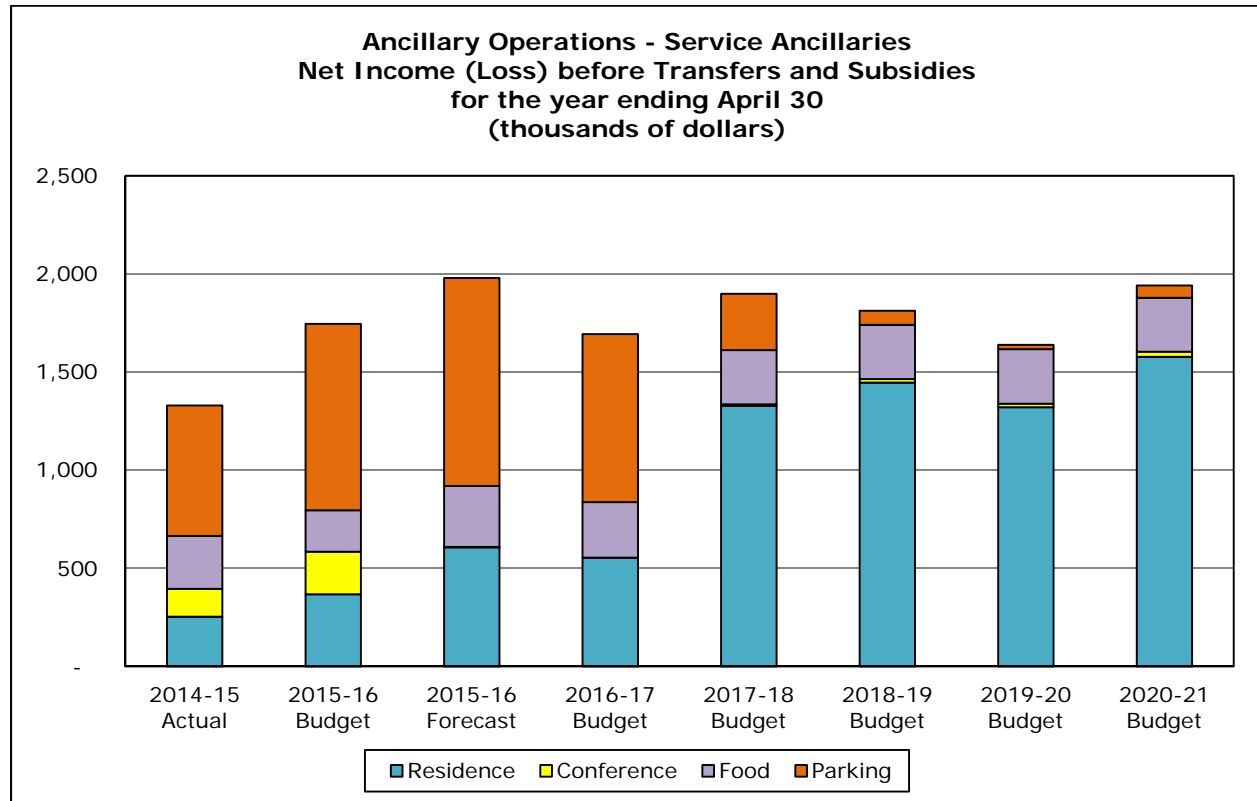
Residence will continue to work to maximize occupancy with sustainable fee increases and target spending priorities, while increase programming to meet the needs of students. Conference Services is focused on growing its summer conference business, targeting academic and professional associations, while in anticipation of new buildings that will provide greater opportunities to attract new business. Food and Beverage Services will improve communication of campus food and beverage offerings in order to leverage its recent success in gaining a greater share of catering purchases from UTSC departments and conference guests, as well as target opportunities among student groups in the upcoming year. Parking Services has proposed consistent rate increases that ensure the ancillary remains fully self-funded, while providing efficient, quality services, continued maintenance on facilities, and contribute to reserve funds for future capital initiatives.

The 2016-17 revenue budget is projected to reach \$12.4 million, an increase of \$0.3 million (2.7%) over the 2015-16 forecast. \$0.3 million of the increase is attributed to Residence (4.5% increase), a 4.5% increase in Conference Services, and a 5.1% increase from Food and Beverage Services, offset by a \$0.1 million decrease (2.5%) in Parking Services as revenues return to standard operation revenue following a year in which Pan Am Games spectator revenues were realized.

The long-range plan projects revenues to increase by \$2.6 million from 2016-17 to 2020-21 of which \$1.8 million is from Residence, \$0.3 million from Conference Services, \$0.1 million from Food and Beverage Services, and \$0.4 million from Parking Services.

Net Income (Loss)

Forecasted net income for 2015-16 is \$2.0 million before transfers and subsidies, which is \$0.2 million higher than budget. The largest contributor in exceeding budgeted net income in 2015-16 was from Residence (\$0.2 million) followed by Parking Services and Food and Beverage. Better than expected residence fee revenue combined with delayed expenditures in Residence, Food, and Parking resulted in net income exceeding budget.



	2014-15 Actual	2015-16 Budget	2015-16 Forecast	2016-17 Budget	2017-18 Budget	2018-19 Budget	2019-20 Budget	2020-21 Budget
Residence	253	367	606	552	1,327	1,446	1,321	1,577
Conference	142	217	3	2	8	18	18	26
Food	269	211	311	282	276	276	278	275
Parking	665	950	1,059	856	287	71	22	63
Net Income	1,330	1,745	1,979	1,693	1,898	1,812	1,638	1,941

Net income is expected to reach \$1.7 million in 2016-17, which is \$0.3 million less than the 2015-16 forecast. This is attributed to Parking Services as event parking demand and revenue return to normal operating levels post Pan Am Games.

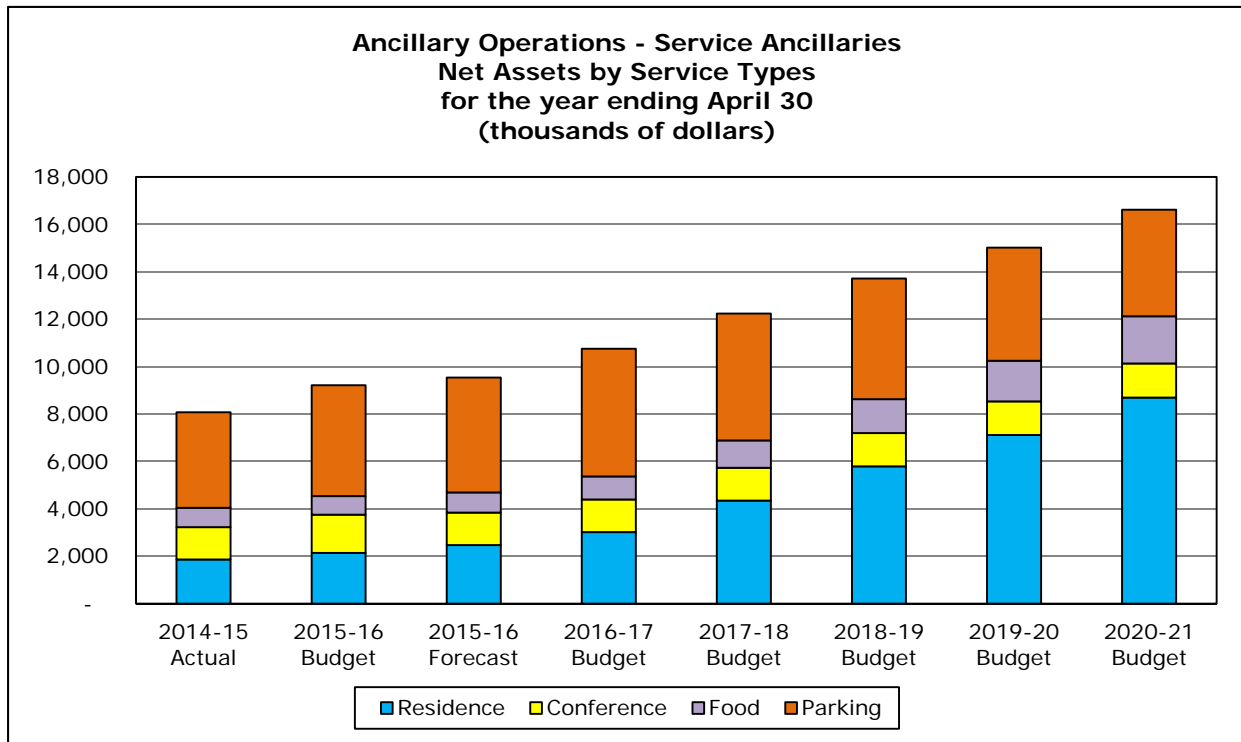
Net income over the next five years is affected by the lower contribution from Parking Services beginning in 2018-19. The chart illustrates the net impact of future capital investment in a parking structure in order to accommodate new building construction on existing lots, maintaining service levels, and fulfilling parking by-law requirements. The largest contributor to net income over the next five years is Residence, which will increase net income by \$1.0 million to \$1.6 million, resulting from planned rate increases and extinguishing the debt on Phase III in 2017-18.

Net Assets

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

- The unrestricted net assets category represents net assets on hand that have not been set aside for any of the specific purposes listed below.
- Various reserves such as the operating reserve, capital renewal reserve and new construction reserve represent net assets that have been set aside for these specific purposes.
- Investment in capital assets represents university funds that have previously been spent on capital assets. When those funds are spent they result in an increase to this category and an offsetting decrease in unrestricted net assets. Over time, 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 the history of actual net assets for service ancillaries from 2014-15 to 2020-21:



	2014-15 Actual	2015-16 Budget	2015-16 Forecast	2016-17 Budget	2017-18 Budget	2018-19 Budget	2019-20 Budget	2020-21 Budget
Residence	1,862	2,139	2,468	3,021	4,348	5,793	7,114	8,691
Conference	1,367	1,616	1,369	1,372	1,380	1,398	1,416	1,442
Food	813	783	854	972	1,158	1,435	1,713	1,988
Parking	4,029	4,676	4,846	5,384	5,347	5,087	4,772	4,490
Total	8,070	9,215	9,537	10,749	12,233	13,714	15,015	16,611

For 2015-16, the service ancillaries are forecasting total net assets of \$9.5 million. The 2016-17 operating plan projects total net assets of \$10.7 million, the difference coming from the Net Income described above, less transfers out of ancillary operations of \$0.2 million and \$0.3 million from Food Services and Parking Services, respectively.

Projected total net assets of \$10.7 million in 2016-17 reflects the sum of \$3.7 million investment in capital assets, \$1.0 million commitment to capital renewal, \$1.9 million in operating reserves, and a \$4.9 million new construction reserve partially offset by unrestricted deficit of \$0.7 million.

**Ancillary Operations - Service Ancillaries
Net Assets (Deficit) by Category
for the budget year 2016-17
(thousands of dollars)**

	Unrestricted Surplus/ (Deficit)	Investment in Capital Assets	Capital Renewal Reserve	Operating Reserve	Construction Reserve	Total Net Assets
Residence	(916)	2,561	680	696	-	3,021
Conference	-	15	1	700	656	1,372
Food	-	494	7	194	278	972
Parking	225	582	296	281	4,000	5,384
Total	(691)	3,652	983	1,870	4,934	10,749

Net assets are expected to grow to \$16.6 million in 2020-21, reflecting an increase of \$5.9 million from 2016-17. This increase represents \$5.7 million from Residence, \$0.1 million from Conference Services, \$1.0 million from Food and Beverage Services, offset by a decrease of \$0.9 million in Parking Services.

Residence is projecting that it will clear its unrestricted deficit by 2017-18. Ancillaries with accumulated deficits accrue interest at a variable rate for short-term financing and charged monthly through their operating accounts. Long-term loans are subject to a fixed rate.

Ancillary Debt

For 2016-17, the service ancillaries are projecting total outstanding debt of \$16.3 million (on original loans issued of \$29.0 million), of which \$11.0 million is attributed to Residence and \$5.3 million attributed to Parking. The estimated principal and interest payments for Residence are expected to be \$1.8 million, which is 26.3% of its revenues. Parking Services' 2016-17 principal and interest payments total \$0.7 million or 20.4% of its revenues. The estimated interest costs for Residence will be \$0.8 million, or 11.3% of revenues and 12.7% of expenses. Parking will incur \$0.4 million of interest expense, which represents 11.0% of its revenues or 15.5% of its expenses.

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

	2014-15 Actual	2015-16 Forecast	2016-17 Budget	2017-18 Budget	2018-19 Budget	2019-20 Budget	2020-21 Budget
Residence	12,992	12,010	11,028	10,330	9,584	8,787	7,936
Conference	-	-	-	-	-	-	-
Food	-	-	-	-	-	-	-
Parking	5,898	5,616	5,316	12,926	12,474	11,990	11,471
Total Loan Balance	18,890	17,626	16,343	23,256	22,058	20,777	19,407

In 2016-17, Parking Services will accumulate a new construction reserve of \$4.0 million to support UTSC's first standalone parking structure. In its long-range plan, Parking reflects a principal loan balance of \$11.5 million outstanding at the end of 2020-21, of which \$7.6 million is estimated towards the parking structure. At this time, it is expected that the structure would provide approximately 500 parking spaces. Design specifications and costing will be developed through the advisory and capital committee process during the planning period.

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 demand and financial requirements. Planning for the project will continue into 2016-17. At this time financing has not been determined, and Residence is committed to reducing its current unrestricted deficit in support of this initiative.

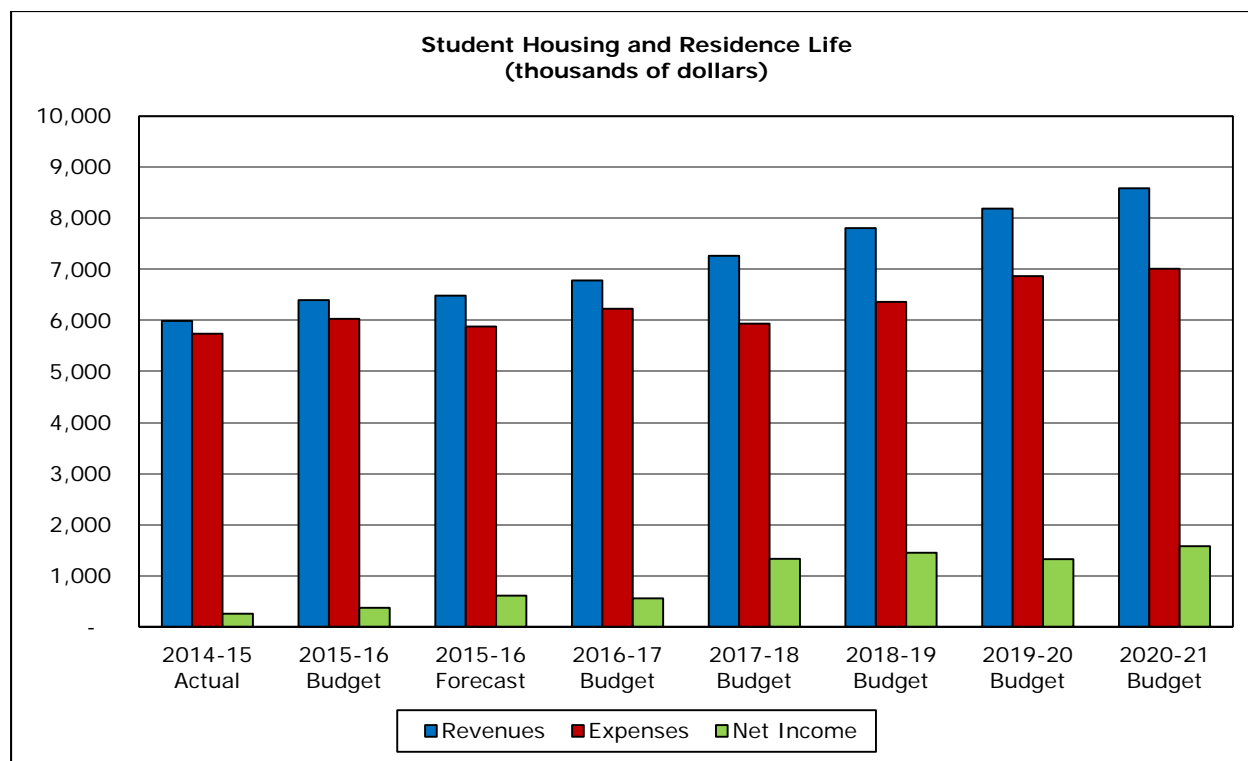
Review of UTSC Ancillary Operations

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 support the strategic direction of the University. Conference Services continues to partner with programs and initiatives on campus in order to seize revenue generating opportunities and diversify its portfolio. Food and Beverage Services has partnered with UTSC's One Card Operations in implementing the T-Card+ payment card system by providing strategic support and investment funding in equipment. Parking will continue to improve services and upgrade facilities that accommodate UTSC students, staff, faculty, and visitors, as well as work on a strategic plan to accommodate the needs of users at Centennial College Morningside Campus and the Toronto Pan Am Sports Centre.

Residence

Student Housing and Residence Life provides 767 beds in 114 townhouses and 58 apartments. Five houses and one apartment are specifically designed to meet the needs of accessibility students. First year residents have outnumbered upper year residents as of 2006-07, and continued campus growth indicates that this trend will continue. In each of the last five years, international students represented a minimum of one-third of the Residence population. Residence expects to experience a large international population that will continue to contribute to its diverse community as international recruitment targets and initiatives continue to grow.

Key accomplishments in 2015-16 include: repaired a major section of the Joan Foley Hall roof in Summer 2015 (\$0.3 million project); high occupancy rate of 99% through strategic occupancy management; improved laundry facilities and implementing new machines with T-Card+ compatibility and LaundryView software; contributed to the space program, vision, and demand analysis for the New Student Residence Project Planning Committee; growth of off-campus housing services including development of off-campus tenant registry; and, increased student satisfaction rates over the prior year that reflect timeliness of facility repair response times, safety, and overall improved value of the residence experience.



	2014-15 Actual	2015-16 Budget	2015-16 Forecast	2016-17 Budget	2017-18 Budget	2018-19 Budget	2019-20 Budget	2020-21 Budget
Revenues	5,991	6,396	6,486	6,781	7,264	7,809	8,188	8,588
Expenses	5,737	6,029	5,880	6,228	5,937	6,363	6,868	7,011
Net Income	253	367	606	552	1,327	1,446	1,321	1,577
% Revenue Δ		7%	1%	5%	7%	7%	5%	5%

2015-16 Forecast

The ancillary is forecasting net income of \$0.6 million in 2015-16, which is \$0.2 million (or 65%) better than budget. Total fund balance will be \$2.5 million. Favourable net income is the result of increased revenues from better than expected fall/winter occupancy of 99% (versus 98% budgeted) and summer occupancy of 69% (versus 68% budgeted). Through strategic occupancy management, Residence limited the number of vacancies, coupled with an increase in demand from upper year students, summer occupancy, and high first year demand.

Positive net income is also the result of cost containment initiatives and postponed expenditures. Savings in salaries, wages and benefits accumulated as vacancies

were filled later in the year. Major maintenance projects for carpeting and painting were less than originally anticipated. These savings were offset by higher than expected utilities expense due to changes in rates and consumption.

2016-17 Budget and Long Range Plan

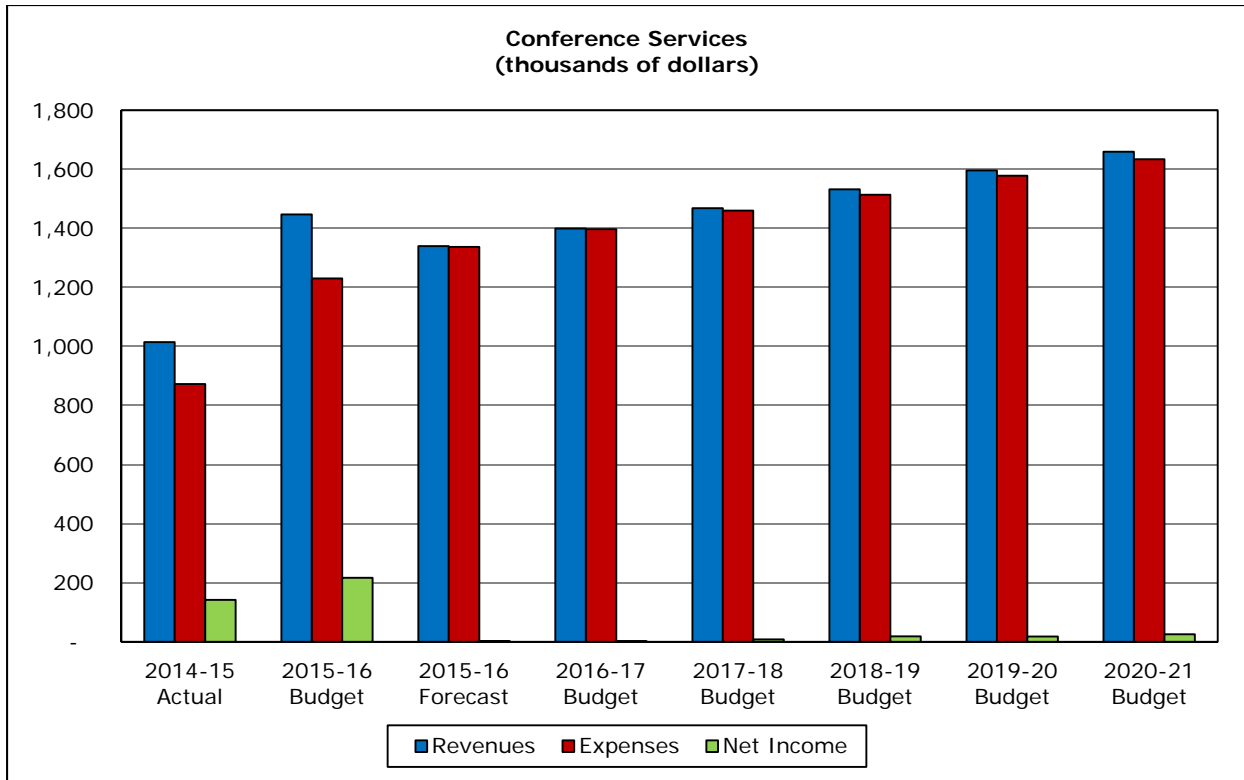
Residence rates are set to increase by 5% for summer fees, 6% for townhouses, and 8% for apartment style suites, which will drive an overall increase in revenue by \$0.3 million over the 2015-16 forecast. With the higher non-refundable residence deposit, careful waitlist management, and continued focus on residence life and support programs, the ancillary expects to maintain occupancy at 97%. The fee increases are based on projected increases in facility expenses. Residence is committed to maintaining quality facilities that meet the diverse needs of students and has therefore planned \$0.8 million in capital repairs and ResNet upgrades, and \$0.3 million for major maintenance. Direct expenses also include salaries, wages and benefits, which reflect increases related to contractual obligations and staffing changes. Total fund balance will be \$3.0 million in 2016-17.

The ancillary proposes fee increases between 5% and 9% for the period up to 2018-19 and returning to 5% across the board to 2020-21. The rates will increase revenues by \$1.8 million from 2016-17 to 2020-21 and clear the unrestricted deficit by 2017-18. These increases are consistent with ancillary guidelines in order to eliminate unrestricted deficit, accumulate a new building reserve, and fund ongoing major maintenance as housing inventory continues to age. The debt on Phase III will also be cleared in 2017-18, which will free up income to contribute to new construction. Major maintenance projects will be planned and assessed accordingly over the planning period. Major projects include replacement of hydro meter transmitters in Phase I, II and III, replace sections of the Joan Foley Hall roof, and walkway paving and repairs.

Conference Services

Conference Services generates net revenue by maximizing the use of all campus facilities and resources when not utilized for academic purposes. This includes summer accommodations for conference and tourist groups, meeting services, facility rentals, and conference logistics support. The ancillary continues to work on its marketing strategy to attract new business and continue to grow and diversify its revenue opportunities, in order to contribute towards expansion plans or other campus initiatives in the long-term. The operating plan is based on a marketing strategy that targets facility rentals, athletic/youth groups, and full package conference groups. Due to the difficulty in reserving facilities in advance, attaining optimum levels of conference accommodation and facilities rental income will continue to be a challenge for the ancillary.

Conference Services continues to benefit from growth in international recruitment programs, specifically the Green Path and Facilitated Admissions International Recruitment (FAIR) programs. The success of these programs is important to the success of this ancillary; however, revenue generation through diversification is necessary to capitalize the growth expected on campus. Campus facilities are highly utilized for academic purposes; therefore, only modest opportunities to secure classrooms for extracurricular use are available. Diverse housing stock would also attract new conference business that prefers non-townhouse style accommodation. In the meantime the ancillary is focusing on maximizing non-Green Path and FAIR accommodations in the summer through collaborations with UTSC's Athletics and Recreation department by delivering full service packages that include accommodation and meals for athletic training groups. Conference Services also continues to promote its registration and conference management services to campus departments and faculties.



	2014-15 Actual	2015-16 Budget	2015-16 Forecast	2016-17 Budget	2017-18 Budget	2018-19 Budget	2019-20 Budget	2020-21 Budget
Revenues	1,015	1,447	1,340	1,399	1,468	1,532	1,596	1,660
Expenses	873	1,230	1,337	1,397	1,460	1,514	1,578	1,634
Net Income	142	217	3	2	8	18	18	26
% Revenue Δ		43%	-7%	4%	5%	4%	4%	4%

2015-16 Forecast

Conference Services forecasts positive net operating results in 2015-16, which is \$0.2 million below budget. Total fund balance will be \$1.4 million and includes \$0.7 million new construction reserve and \$0.7 million operating reserve. The net operating result is mainly due to \$0.2 million of revenue from Pan Am accommodation plans that did not materialize. Bed and breakfast packages reserved by the 2015 Pan Am Games committee were cancelled late in the season. Fewer enrolled Green Path and FAIR program students also contributed to the accommodation revenue shortfall; however, Conference Services managed to secure last minute bookings, which contributed to reducing the negative variance. Revenue from film facility rentals also exceeded expectations and helped to

minimize the overall revenue shortfall. Operating expenses were also higher than expected due to costs incurred in executing summer camp programs; however, these expenses were offset by summer camp fees reported in revenue.

2016-17 Budget and Long Range Plans

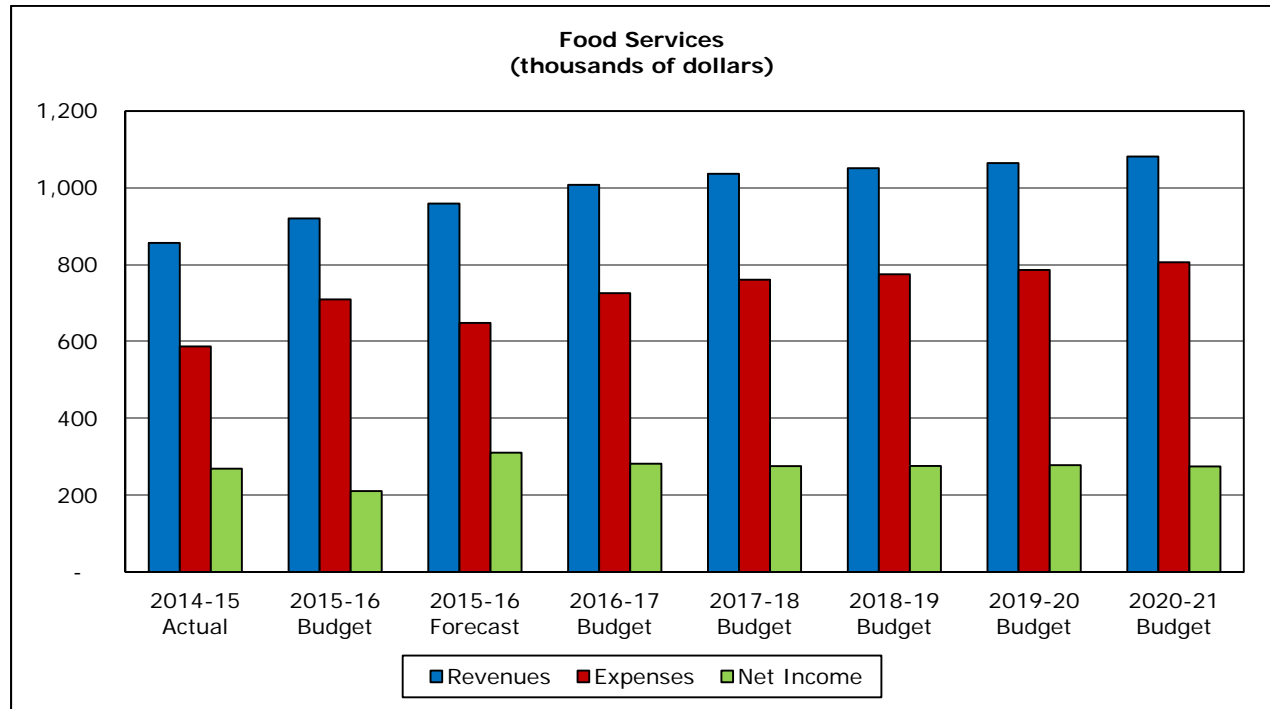
Conference Services will continue to generate positive net operating results in 2016-17, which is consistent with the 2015-16 forecast. Net assets will be \$1.4 million, representing new construction reserve of \$0.7 million and operating reserve of \$0.7 million. Conference Services will maintain revenues through enrolment growth in the Green Path and FAIR programs, and seek diversification by introducing an Arts and Science camp; however, renovation of the former gymnasium will limit activities over the next year, and the ancillary is exploring alternative space on and off campus. Changes in direct expenses also reflect contractual obligations and salaries and benefits.

Over the planning period, the ancillary will continue to develop a greater market share of business refining the current services provided, controlling operating expenses, improving computing capabilities, developing a revised operating and marketing plan for the summer operation and weekend facility bookings. Along with the above objectives, the long range plan will include exploring new partnerships and programs with a focus on diversifying the portfolio. By 2020-21, Conference Services expects to maintain net assets of \$1.4 million, which represents \$0.8 million operating reserve and \$0.6 million towards new construction initiatives. Minimal capital renewal and investment in capital assets are anticipated.

Food and Beverage Services

Food Services involves nine retail offerings in the H-Wing Marketplace, the Beechgrove Café (Social Sciences Building) a Starbucks Café and two Tim Horton's outlets. There is also a unit leased to an external operator, La Prep Café. Operations in the H-Wing Marketplace, Beechgrove Café, Starbucks and the two Tim Horton's units have been contracted out to Aramark. Food and Beverage Services is a participant in the University wide food policy working group and has introduced a number of programs in conjunction with all campuses. These include the bottle-free water initiative, the halal standards program developed by the University, and encouraging the sourcing of locally produced products. Additional goals of the ancillary include improved communication of campus food and beverage offerings and achieving a Fair Trade designation for the campus.

Recognizing the ancillary's ability to meet the needs of users on campus, operational changes have been made to reflect the growth in the campus population, preference for high profile franchise brands, and diverse dietary requirements, resulting in various transformations over the years that have moved away from traditional institutional services. The ancillary continues to enhance services by providing greater variety and healthier options to avoid menu fatigue. Food and Beverage Services has also partnered with UTSC's One Card Operation's T-Card+ campus card payment system providing marketing support and investment in equipment, which allows for food and other retail purchases using a T-Card at UTSC.



	2014-15 Actual	2015-16 Budget	2015-16 Forecast	2016-17 Budget	2017-18 Budget	2018-19 Budget	2019-20 Budget	2020-21 Budget
Revenues	856	920	959	1,008	1,036	1,051	1,064	1,082
Expenses	587	710	648	726	761	775	786	806
Net Income	269	211	311	282	276	276	278	275
% Revenue Δ		7%	4%	5%	3%	1%	1%	2%

2015-16 Forecast

The ancillary is forecasting net income of \$0.3 million before transfers and commitments, which is \$0.1 million (or 47%) greater than budget. After transfers out of the ancillary (\$0.2 million), total net assets will be \$0.9 million and represents \$0.3 million invested in capital assets, \$0.2 million operating reserve, and \$0.4 million new construction reserve.

Favourable net income is attributed to increased revenues as the ancillary has been successful in gaining a greater share of catering purchases from campus departments and conference guests. A decrease in direct expenses also contributed to the surplus. The ancillary adopted an ongoing preventative service and maintenance program that helps reduce overall costs. Food Services also

postponed the hiring of an operation's supervisor and delayed renovation of the H-Wing Food Court seating area, resulting in lower capital spending.

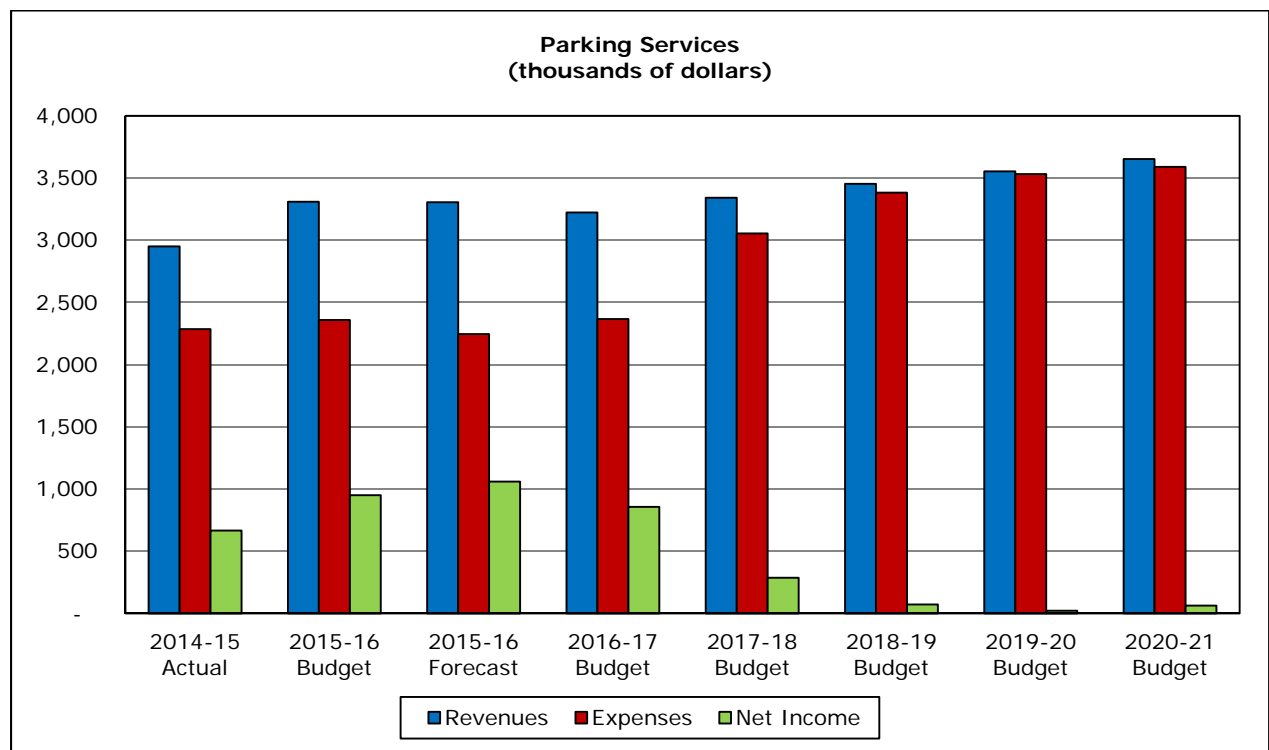
2016-17 Budget and Long Range Plans

The ancillary is budgeting net income of \$0.3 million in 2016-17, which is 9% less than the forecast. Net assets will be \$1.0 million, representing new construction reserve of \$0.3 million, \$0.5 million invested in capital assets, and \$0.2 million operating reserve. Revenues will increase by 5% offset by an increase in operating expenses of 12%. Food Services will continue to increase the share of catering purchases on campus by marketing to student groups, as well as generate incremental revenue from new vending machines installed in new buildings as construction and renovations on campus continue. Direct expenses will increase as the Food Court seating renovation is postponed to 2016-17, and full year salary and benefits for new staff is incurred. Variable expenses attributed to the increase in food sales also contribute to the overall expense increase.

Net assets are expected to reach \$2.0 million by 2020-21 with \$1.4 million allocated to the construction reserve. In the long run, Food and Beverage Services plans for its growth through additional outlets as new buildings are constructed on campus.

Parking Services

The mission of Parking Services is to provide quality parking facilities and services in a safe, effective environment. It offers users year-round controlled access to parking to the UTSC and Centennial College Morningside Campus communities. There are 338 spaces in the South Campus (inner) Lots and 2,299 North Campus (outer) Lots in 2015-16. The ancillary continues to support the various ways staff, faculty, and students can access the campus, which includes the East Arrival Court bus loop that allows greater flow and frequency of public transportation, and connection with GO transit, Durham Region, York Region, and TTC.



	2014-15 Actual	2015-16 Budget	2015-16 Forecast	2016-17 Budget	2017-18 Budget	2018-19 Budget	2019-20 Budget	2020-21 Budget
Revenues	2,950	3,309	3,305	3,222	3,341	3,453	3,553	3,652
Expenses	2,284	2,359	2,245	2,366	3,055	3,382	3,531	3,590
Net Income	665	950	1,059	856	287	71	22	63
% Revenue Δ		12%	0%	-2%	4%	3%	3%	3%

2015-16 Forecast

Parking is forecasting net income of \$1.1 million, which is \$0.1 million (12%) better than budget. Total net assets will be \$4.8 million. Better than expected net income is mainly the result of postponing the repaving of Lots B and G to summer 2016. Parking Services will meet its revenue targets despite lower than expected Pay and Display Meter Revenue as visitor parking meters were closed during the Pan Am Games to fully dedicate North lots to event spectator parking while accommodating permit holders in the South lots. The loss in meter revenues was offset by better than expected Pan Am event parking, construction contractor parking fees, and high demand for summer student parking permits.

2016-17 Budget and Long Range Plan

The 2016-17 budget includes a 3% parking permit rate increase in order to support operations and build reserves in anticipation of construction projects in the future. Premium lots located adjacent to buildings will also be priced consistently to reflect Parking's pricing strategy of charging a premium to reflect proximity and demand, and apply standard rates for use of more distant lots. No change to cash rates is proposed for 2016-17. The repaving of Lots B and G will take place in 2016-17, and is the main driver for an increase in direct expenses over 2015-16. Parking Services is projecting a \$0.9 million surplus of which \$0.3 million will be transferred to UTSC's operating budget. Parking Services anticipates a return to regular Pay and Display Meter Revenue and Cash Fees post Pan Am Games.

Over the next five years, it is anticipated that future campus growth will have an impact on surface parking at UTSC, as the Campus Master Plan shows future development focused on the North campus, building on areas currently used as surface parking spaces. A standalone parking structure is being considered to replace surface lots, which may be used to support the construction of new buildings, while providing continued service to its customers, and meet by-law requirements for adequate numbers of parking spaces. Planning with the advisory and capital committee will continue in 2016-17, and the ancillary will continue to build its reserves in anticipation of this initiative. Net Assets will be \$5.4 million with \$4.0 million in new construction reserve, \$0.6 million investment in capital assets, \$0.2 million unrestricted surplus, \$0.3 million capital renewal reserve and \$0.3 million operating reserve.

The long-range budget was prepared to ensure the ancillary remains fully self-funded and continues to provide efficient and quality services. Parking anticipates positive results before transfers and commitments with net assets reaching \$4.5 million in 2020-21.

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 2014-15, the forecast for 2015-16, and projections for the five year period, 2016-17 to 2020-20. Only the proposed budget for 2016-17 is presented for approval.

Student / Local Committees and Councils

The Residence operating plan was reviewed by the Student Housing Advisory Committee (SHAC) during meetings in the fall semester of 2015. Members supported the plans for the 2016-17 budget. SHAC provides students with an opportunity to learn about current operations and future plans in residence and off campus housing services. Students advise the department on the student experience, services, policies, procedures, budget issues and residence fees. The committee is comprised of residents at large, students living off campus in rental accommodation, a residence advisor, Scarborough Campus Residence Council President, elected members of the Scarborough Campus Students' Union (SCSU) and the Director, Student Housing and Residence Life. The department also communicates and meets regularly with the Scarborough Campus Residence Council to share information, receive input and collaborate on programs.

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

Parking Services holds quarterly meetings of the Parking Advisory Review Committee (PARC). Additional meetings are scheduled from time to time should management wish to consult with community representatives about specific

initiatives. Advisory in nature, this committee's mandate includes: representing various sectors of the University community and bringing forward parking concerns to the attention of Parking Services management; reviewing and advising on new initiatives presented by Parking Services management; evaluating these initiatives and potential impact on parking users within the University community; and, serving as a general means of communication between the University community and Parking Services management on matters related to parking on campus. There is cross-representation of the campus community on the committee including students, faculty, staff, event hosts, visitor hosts, students in residence, and persons requiring accessible parking.

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

University of Toronto Scarborough
Service Ancillary Operations Budget Summary
Projected Operating Results for the year ending April 30, 2017
(with comparative projected surplus for the year ending April 30, 2016)
(thousands of dollars)

	Revenue	Expense	Net Income before Transfers	Transfers in/(out)	Net Income after Transfers 2017	Net Income after Transfers 2016
Residence	6,781	6,228	552	-	552	606
Conference	1,399	1,397	2	-	2	3
Food	1,008	726	282	(163)	119	41
Parking	3,222	2,366	856	(318)	538	817
Total	12,410	10,717	1,693	(481)	1,212	1,467

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

Service Ancillary	Objectives to be met within 2016-17				2016-17					2016-17	2018-19	2020-21
					Unrestricted Surplus / (Deficit)	Projected Investment in Capital Assets	Projected Commitments to Capital Renewal (Sch 3.1)	Projected Operating Reserve (Sch 3.2)	Projected Construction Reserve (Sch 3.2)	Net Assets	Net Assets	Net Assets
	1	2	3	4								
Residence	Yes	Yes	Yes	No	(916)	2,561	680	696	-	3,021	5,793	8,691
Conference	Yes	Yes	Yes	No	-	15	1	700	656	1,372	1,398	1,442
Food	Yes	Yes	Yes	No	-	494	7	194	278	972	1,435	1,988
Parking	Yes	Yes	Yes	No	225	582	296	281	4,000	5,384	5,087	4,490
Total					(691)	3,652	983	1,870	4,934	10,749	13,714	16,611

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

	<u>Balance May 1, 2016</u>	<u>Net Increase / (Decrease) in Commitments to Capital Renewal</u>	<u>Balance April 30, 2017</u>	<u>Balance April 30, 2021</u>
Residence	704	(24)	680	516
Conference	1	-	1	1
Food	7	-	7	7
Parking	310	(14)	296	338
Total	<u>1,022</u>	<u>(39)</u>	<u>983</u>	<u>862</u>

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

	OPERATING RESERVE				NEW CONSTRUCTION RESERVE			
	Balance May 1, 2016	Increase / (Decrease) in Operating Reserve	Balance April 30, 2017	Balance April 30, 2021	Balance May 1, 2016	Increase / (Decrease) in Operating Reserve	Balance April 30, 2017	Balance April 30, 2021
Residence	662	34	696	882	-	-	-	4,926
Conference	670	30	700	830	689	(33)	656	604
Food	184	9	194	208	374	(96)	278	1,371
Parking	288	(7)	281	319	3,000	1,000	4,000	5
Total	1,804	66	1,870	2,238	4,063	871	4,934	6,906

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

Service Ancillary	2015-16 Forecast			2016-17 Budget			2017-18 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	606	-	606	552	-	552	1,327	-	1,327
Conference	3	-	3	2	-	2	8	-	8
Food	311	(270)	41	282	(163)	119	276	(90)	186
Parking	1,059	(242)	817	856	(318)	538	287	(324)	(37)
Total	1,979	(512)	1,467	1,693	(481)	1,212	1,898	(414)	1,484

Service Ancillary	2018-19 Budget			2019-20 Budget			2020-21 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	1,446	-	1,446	1,321	-	1,321	1,577	-	1,577
Conference	18	-	18	18	-	18	26	-	26
Food	276	-	276	278	-	278	275	-	275
Parking	71	(331)	(259)	22	(337)	(316)	63	(344)	(281)
Total	1,812	(331)	1,481	1,638	(337)	1,301	1,941	(344)	1,597

University of Toronto Scarborough
Service Ancillaries Operations Budget Summary
Summary of 2016-17 Capital Budgets
(with comparative figures for 2015-16)
(thousands of dollars)

	2016-17 Budget	2015-16 Budget
Residence	824	530
Conference	10	6
Food	285	321
Parking	111	78
Total	1,230	934

Schedule of 2016-17 Ancillary Rates

<u>Residence</u>	<u>2015-16</u>	<u>% Change</u>	<u>2016-17</u>	<u>Inc. / (Dec.) per Month</u>
<i>Fall/Winter Rates</i>				
Phase I - III single	\$ 7,577	6.0%	\$ 8,031	\$ 56.82
Phase IV single	\$ 8,279	8.0%	\$ 8,941	\$ 82.79
Phase I - III shared	\$ 5,610	6.0%	\$ 5,947	\$ 42.08
Phase I - III shared basement	\$ 5,049	6.0%	\$ 5,352	\$ 37.87
<i>Summer Rates</i>				
Phase I-III (academic term May 8 - August 27)	\$ 3,623	5.0%	\$ 3,805	\$ 60.39
Visitor Weekly Rate	\$ 226	5.0%	\$ 238	
Ph IV-Foley Hall (academic term May 8 - August 27)	\$ 3,883	5.0%	\$ 4,077	\$ 64.72
Visitor Weekly Rate	\$ 243	5.0%	\$ 255	

Schedule of 2016-17 Ancillary Rates

UNIVERSITY OF TORONTO SCARBOROUGH						
PARKING SERVICES						
SCHEDULE OF RATES						
<u>DESCRIPTION</u>	<u>Lot</u>	<u>2015-16</u> <u>Approved</u>	<u>2016-17</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	C, D	\$ 1,119.30	\$ 1,152.88	3%	or... \$ 2.80 ...per month	
Annual, South Lot Employee Reserved		\$ 1,488.68	\$ 1,533.34	3%	or... \$ 3.72 ...per month	
Annual, Ring Road Employee	E	\$ 1,007.38	\$ 1,037.60	3%	or... \$ 2.52 ...per month	
Summer Term		\$ 223.87	\$ 230.59	3%	or... \$ 0.56 ...per month	
Residence, Fall/Winter Term	B	\$ 792.43	\$ 816.20	3%	or... \$ 1.98 ...per month	
Residence, Summer Term		\$ 198.12	\$ 204.06	3%	or... \$ 0.50 ...per month	
Evening Payroll, Employee Annual		\$ 516.64	\$ 532.14	3%	or... \$ 1.29 ...per month	
Athletics Members		\$ -	\$ -	0%	\$ - ...per permit	
Athletics Sunday Leagues		\$ -	\$ -	0%	\$ - ...per permit	
<u>North (Outer) Lots:</u>						
Annual North Lot, Premium (Lot K)	K	\$ 947.12	\$ 1,152.88	22%	or... \$ 17.15 ...per month	A
Annual North Lot, Payroll Employee	G, H	\$ 861.02	\$ 886.85	3%	or... \$ 2.15 ...per month	
Student, Fall/Winter		\$ 688.31	\$ 708.96	3%	or... \$ 1.72 ...per month	
Outer, Fall or Winter Term		\$ 385.45	\$ 397.02	3%	or... \$ 0.96 ...per month	
Summer Term		\$ 172.70	\$ 177.89	3%	or... \$ 0.43 ...per month	
Centennial Permit (September to May)	J	\$ 754.97	\$ 792.72	5%	or... \$ 3.15 ...per month	B
Centennial Summer Permit	J	\$ 377.48	\$ 396.36	5%	or... \$ 1.57 ...per month	B
CASH PARKING:						
<u>South (Inner) Lots:</u>						
Daily maximum rate - short-term and visitors	A	\$ 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</u>						
Hourly Rate, day		\$ -	\$ -	100%	\$ -	
Flat Rate, Evening		\$ -	\$ -	100%	\$ -	
Flat Rate, Weekend		\$ -	\$ -	100%	\$ -	
<u>Instructional Center Lot J</u>						
Flat Rate, Day	J	\$ 10.00	\$ 10.00	0%	\$ -	
Flat Rate, Evening		\$ 5.00	\$ 5.00	0%	\$ -	
Flat Rate, Weekend		\$ 4.00	\$ 4.00	0%	\$ -	
<u>Lots F and G (North Lots):</u>						
Flat Rate, Day	F, G	\$ 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		Market Pricing	Market Pricing			
NOTES:						
A. The 2016-17 rate increase for Lot K brings its pricing in line with that of Premium Lot C & D permits; closest parking to ESCB and IC.						
B. The annual percentage increase of 5% is part of the parking agreement between UofT Scarborough and Centennial College.						