

FOR CONFIRMATION

PUBLIC

CLOSED SESSION

TO: Executive Committee

SPONSOR: Prof. Bruce Kidd, Vice-President & Principal

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PRESENTER:

CONTACT INFO:

DATE: March 21, 2017 for March 28, 2017

AGENDA ITEM: 5 (d.)

ITEM IDENTIFICATION:

2017-18 Operating Plans for UTSC Service Ancillaries

JURISDICTIONAL INFORMATION:

Under sections 5.1 and 5.3.1 of the Terms of Reference for UTSC Campus Affairs Committee, 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 7, 2017)
2. UTSC Campus Council [For Approval] (March 1, 2017)
3. University Affairs Board [For Information] (March 6, 2017)
4. **Executive Committee [For Confirmation] (March 28, 2017)**

PREVIOUS ACTION TAKEN:

At its meeting held on February 08, 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. On March 01, 2016, UTSC Campus Council approved the 2016-17 service ancillary operating plans and were presented to the University Affairs Board for information on March 15, 2016. The service ancillary operating plans received confirmation of approval from the Executive Committee on March 29, 2016.

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 2015-16, the forecast for 2016-17, and projections for the five year period, 2017-18 to 2021-22. Only the proposed budget for 2017-18 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 2017-18 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, Retail and 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.

2017-18 Service Ancillary Operating Plans and Budgets

Service ancillaries are budgeting net income of \$1.9 million before transfers at April 30, 2018 on projected revenues of \$12.8 million (see Schedule 1), which will primarily be applied to increase reserves for capital renewal, operating, and new construction, thus strengthening financial health.

2017-18 Service Ancillary Capital Budgets

The service ancillaries are budgeting capital expenditures of \$1.1 million in 2017-18 (see Schedule 5). The capital budgets include roof replacement and hydro transmitters for Residence, a truck and plow for Parking Services, and a Highland Hall café plus kitchen equipment in Food Services.

2017-18 Service Ancillary Rates and Fees

Student Housing and Residence Life proposes an increase of 3.5% increase for townhouses and 4.5% fee increase to apartment style suites. Parking Services proposes a 3% permit rate increase for all categories of UTSC permits and \$1 increase to North Lot flat cash parking rates.

These budgets and rates provided for approval for 2017-18 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.

The UTSC Campus Council approved the recommendation at its March 1, 2017 meeting.

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 2017-18 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 02, 2017, be approved effective May 1, 2017.

DOCUMENTATION PROVIDED:

Service Ancillary Report on Operating Plans, 2017-18



Service Ancillary Report on Operating Plans

2017-18

January 2, 2017

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Introduction

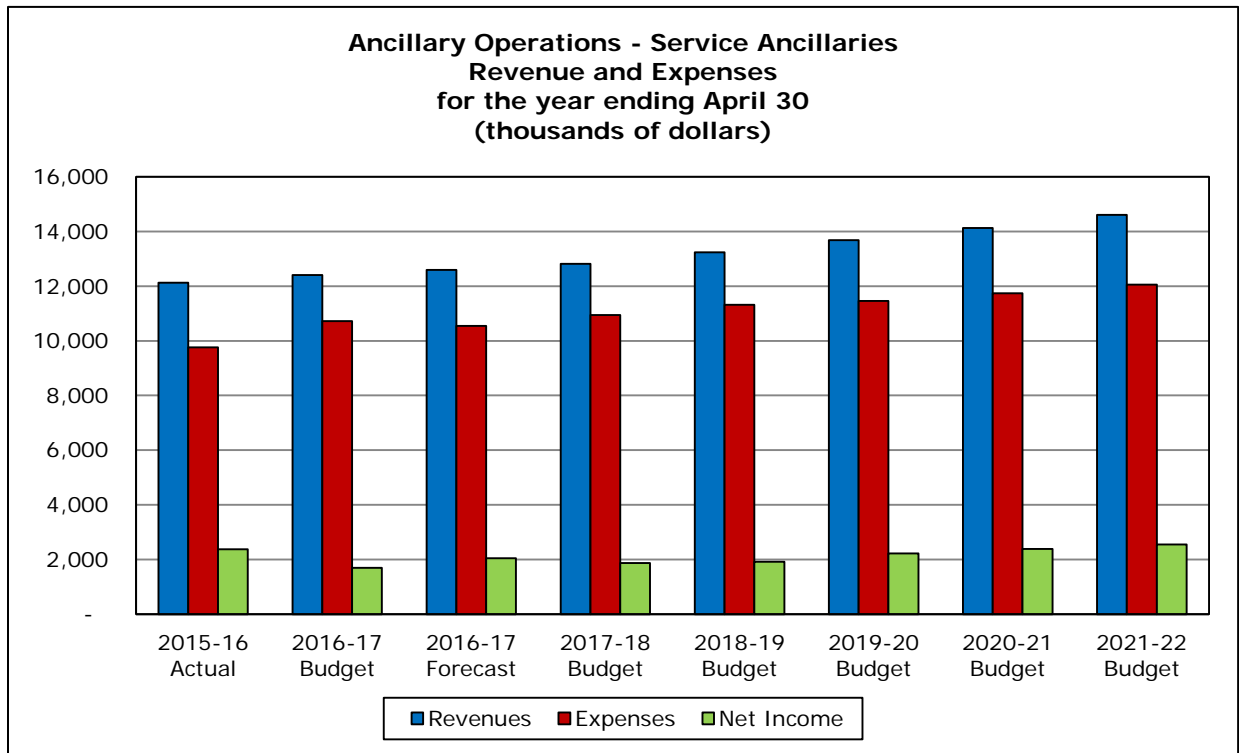
Service Ancillaries at the University of Toronto Scarborough (UTSC) include Student Housing and Residence Life, Conference Services, Food and Beverage Services, and Parking Services. These operations continue to benefit from opportunities resulting from enrolment growth on campus. The ancillaries are 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 continues to optimize the availability of facilities and develop new sources of revenue. Food and Beverage Services continues to enhance its revenues by improving the client experience and partnering with new initiatives. Parking Services maintains quality parking facilities and services, while accumulating resources in support of 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 2016-17 forecasts, 2017-18 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.

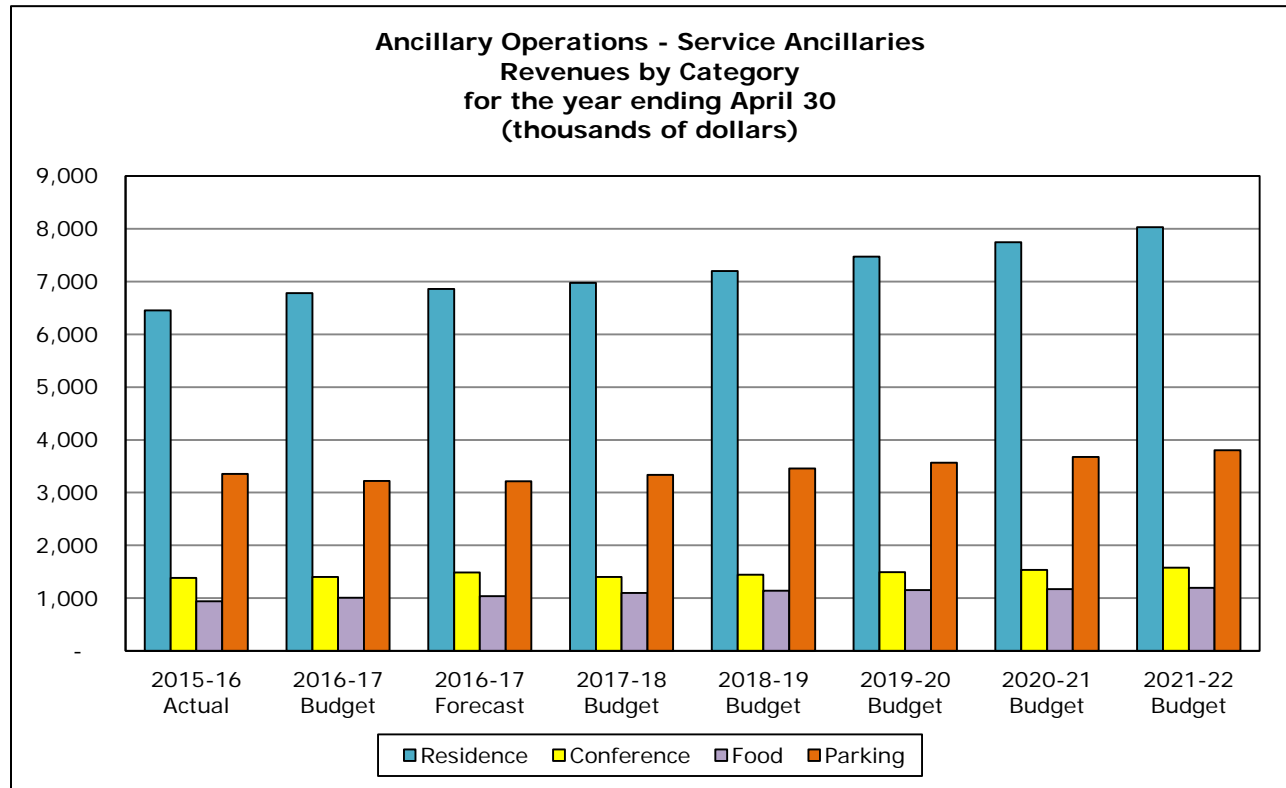
Financial Summary



	2015-16 Actual	2016-17 Budget	2016-17 Forecast	2017-18 Budget	2018-19 Budget	2019-20 Budget	2020-21 Budget	2021-22 Budget
Revenues	12,133	12,410	12,593	12,814	13,242	13,685	14,132	14,607
Expenses	9,717	10,717	10,547	10,943	11,321	11,463	11,746	12,053
Net Income	2,416	1,693	2,046	1,871	1,921	2,222	2,386	2,554
% Revenue Δ		2.3%	1.5%	1.8%	3.3%	3.3%	3.3%	3.4%

UTSC service ancillaries are forecasting net income of \$2.0 million before transfers as at April 30, 2017 on projected revenue of \$12.6 million. The forecasted net income represents a \$0.4 million decrease from last year's net income of \$2.4 million. Net income for projections for 2016-17 will exceed budget by is \$0.4 million. This is mainly due to favourable variances, with \$0.3 million attributed to Residence and \$0.1 million from Conference Services.

For the 2017-18 budget, the service ancillaries are anticipating net income of \$1.9 million with \$12.8 million of revenues and \$10.9 million of expenses. Compared to the 2016-17 forecast, the \$1.9 million income will result from an increase of 1.8% in revenues and increase of 3.8% in expenses.



	2015-16 Actual	2016-17 Budget	2016-17 Forecast	2017-18 Budget	2018-19 Budget	2019-20 Budget	2020-21 Budget	2021-22 Budget
Residence	6,457	6,781	6,861	6,973	7,201	7,474	7,744	8,031
Conference	1,383	1,399	1,484	1,403	1,446	1,490	1,535	1,578
Food	939	1,008	1,036	1,099	1,139	1,155	1,174	1,196
Parking	3,354	3,222	3,212	3,339	3,456	3,566	3,679	3,802
Total Revenue	12,133	12,410	12,593	12,814	13,242	13,685	14,132	14,607
Expenses	9,717	10,717	10,547	10,943	11,321	11,463	11,746	12,053
Net Income	2,416	1,693	2,046	1,871	1,921	2,222	2,386	2,554

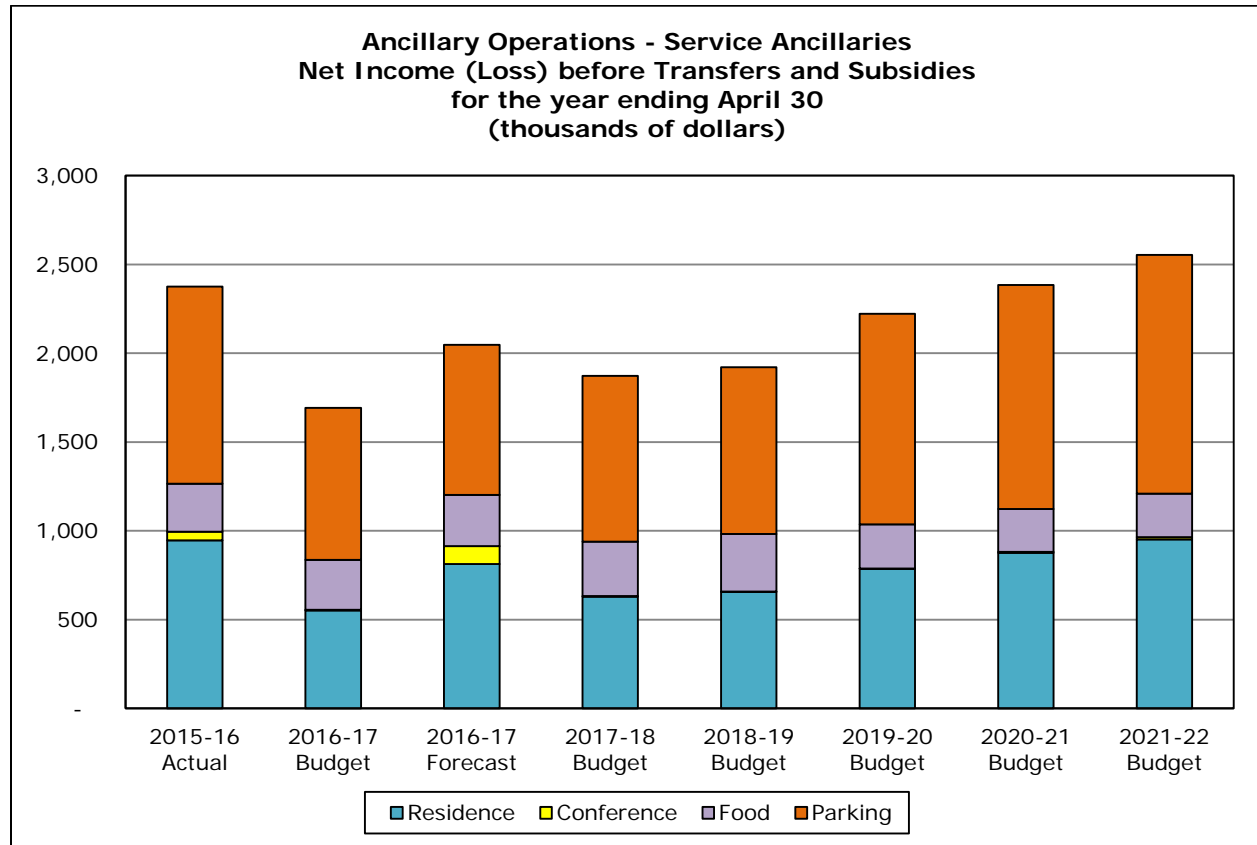
Residence will continue to enhance the quality of activities, supports, and services available to students as well as maximize occupancy with sustainable fee increases and target spending priorities to remain financially viable. Conference Services is focused on innovative ways to generate new business considering the limitation of reduced classroom or meeting spaces by targeting academic and professional associations, while in anticipation of new buildings that will provide greater opportunities to attract new business. Food and Beverage Services continues to enhance the customer and student life experience through operational changes to reflect the growth in the campus population, preference for high-profile franchise brands, and diverse dietary requirements. 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 2017-18 revenue budget is projected to reach \$12.8 million, an increase of \$0.2 million (1.8%) over the 2016-17 forecast. \$0.1 million of the increase is attributed to Residence (1.6% increase), \$0.1 million (3.9% increase) from Parking Services, and \$0.1 million (6.1% increase) from Food and Beverage Services. These increases are offset by a \$0.1 million decrease (5.4%) in Conference Services due to uncertainty in generating film facility revenues, which is less predictable than other revenue categories.

The long-range plan projects revenues to increase by \$1.8 million from 2017-18 to 2021-22 of which \$1.0 million is from Residence, \$0.2 million from Conference Services, \$0.1 million from Food and Beverage Services, and \$0.5 million from Parking Services.

Net Income (Loss)

Forecasted net income for 2016-17 is \$2.0 million before transfers and subsidies, which is \$0.4 million higher than budget. The largest contributors in exceeding budgeted net income in 2016-17 is from Residence (\$0.3 million) followed by Conference Services (\$0.1 million). Better than expected summer Residence occupancy and revenue and Conference film revenues, combined with delayed expenditures in Residence, resulted in net income exceeding budget.



	2015-16 Actual	2016-17 Budget	2016-17 Forecast	2017-18 Budget	2018-19 Budget	2019-20 Budget	2020-21 Budget	2021-22 Budget
Residence	987	553	813	630	656	786	877	952
Conference	48	2	102	3	2	3	5	14
Food	271	282	288	305	324	248	242	244
Parking	1,110	856	843	933	939	1,185	1,262	1,344
Net Income	2,416	1,693	2,046	1,871	1,921	2,222	2,386	2,554

Net income is expected to reach \$1.9 million in 2017-18, which is \$0.2 million less than the 2016-17 forecast. This is the result of increased Residence expenses and a decrease in Conference film revenues, which are offset by increased net income attributed to Parking Services.

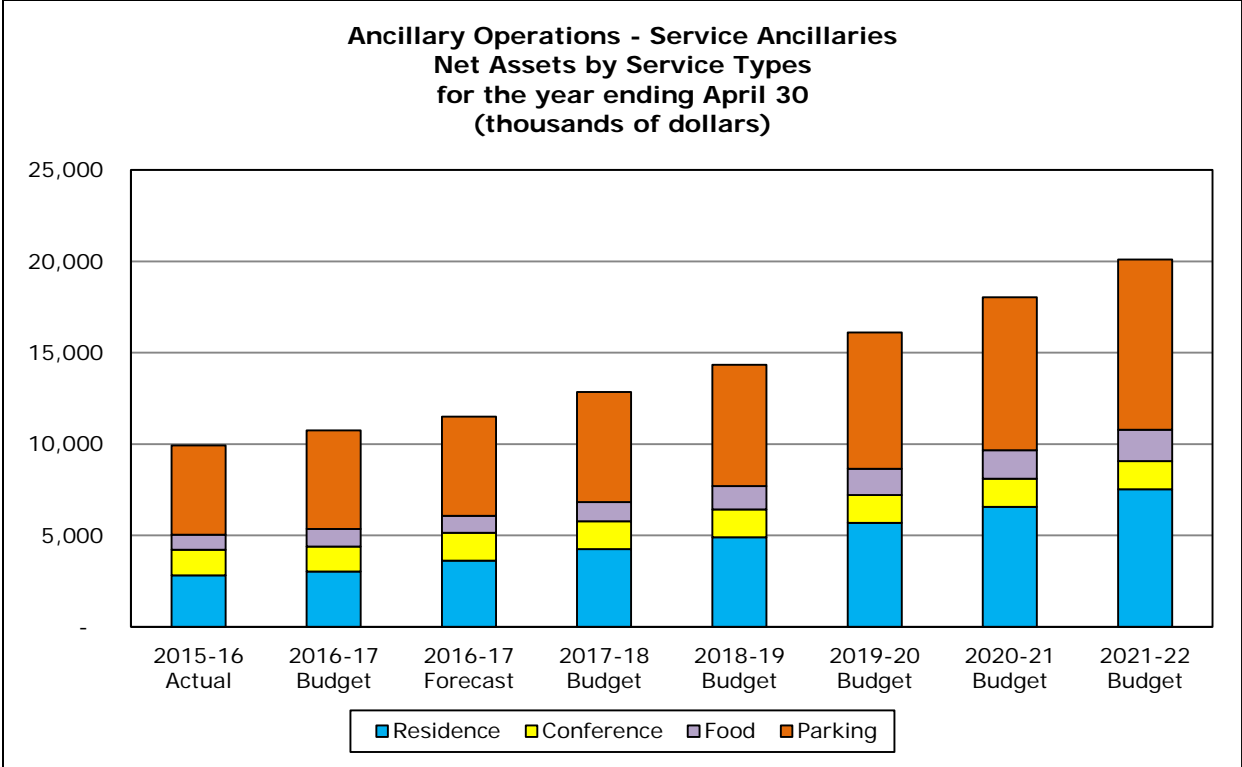
The outlook on net income during the planning period over the next five years is positive, with an increase of \$0.7 million from 2017-18 to 2021-22. This increase is attributed to maintaining consistent fee increases in both Parking Services and Residence. Net income in Food and Beverage is expected to remain consistent to 2021-22 due to growth from enrolment, nominal price increases, and regular capital renewal and maintenance.

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 2015-16 to 2021-22:



	2015-16 Actual	2016-17 Budget	2016-17 Forecast	2017-18 Budget	2018-19 Budget	2019-20 Budget	2020-21 Budget	2021-22 Budget
Residence	2,849	3,021	3,662	4,292	4,949	5,734	6,610	7,562
Conference	1,414	1,372	1,516	1,520	1,522	1,525	1,530	1,544
Food	814	972	939	1,055	1,278	1,426	1,568	1,712
Parking	4,896	5,384	5,422	6,026	6,625	7,460	8,361	9,332
Total	9,973	10,749	11,539	12,893	14,374	16,145	18,069	20,150

For 2016-17, the service ancillaries are forecasting total net assets of \$11.5 million. The 2017-18 operating plan projects total net assets of \$12.9 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 and Beverage Services and Parking Services, respectively.

Projected total net assets of \$12.9 million in 2017-18 reflects the sum of \$4.0 million investment in capital assets, \$1.0 million commitment to capital renewal, \$1.8 million in operating reserves, and a new construction reserve of \$6.1 million. The service ancillaries anticipate no unrestricted surplus or deficit for the year ending April 30, 2018. 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 Operations - Service Ancillaries
Net Assets (Deficit) by Category
for the budget year 2017-18
(thousands of dollars)**

	Unrestricted Surplus/ (Deficit)	Investment in Capital Assets	Capital Renewal Reserve	Operating Reserve	Construction Reserve	Total Net Assets
Residence	-	2,876	660	716	40	4,292
Conference	-	9	1	702	808	1,520
Food	-	500	7	172	376	1,055
Parking	-	605	281	244	4,896	6,026
Total	-	3,990	949	1,834	6,120	12,893

Net assets are expected to grow to \$20.1 million in 2021-22, reflecting an increase of \$7.3 million from 2017-18. This increase represents \$3.3 million from Residence, \$0.7 million from Food and Beverage Services, and \$3.3 million from Parking Services.

Ancillary Debt

For 2017-18, the service ancillaries are projecting total outstanding debt of \$15.3 million (on original loans issued of \$29.0 million), of which \$10.3 million is attributed to Residence and \$5.0 million attributed to Parking. The estimated principal and interest payments for Residence are expected to be \$1.5 million, which is 21.4% of its revenues. Parking Services' 2017-18 principal and interest payments total \$0.7 million or 19.6% of its revenues. The estimated interest costs for Residence will be \$0.7 million, or 10.2% of revenues and 11.2% of expenses. Parking will incur \$0.3 million of interest expense, which represents 10.1% of its revenues or 14.0% of its expenses.

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

	2015-16 Actual	2016-17 Forecast	2017-18 Budget	2018-19 Budget	2019-20 Budget	2020-21 Budget	2021-22 Budget
Residence	12,010	11,028	10,330	9,584	8,787	7,936	7,026
Conference	-	-	-	-	-	-	-
Food	-	-	-	-	-	-	-
Parking	5,616	5,316	4,995	4,653	4,289	3,899	3,484
Total Loan Balance	17,626	16,344	15,325	14,237	13,076	11,835	10,510

In 2017-18 total Residence principal and interest repayments will decrease from the prior year as the cost of borrowing on the Phase III expansion from 2001-02 is complete. 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 planning for the project will continue into 2017-18. Residence will support the planning and analysis of demand, housing inventory, and financial requirements and is committed to eliminating its current unrestricted deficit in 2017-18 and accumulate a new construction reserve over the planning period in support of this initiative.

As new building construction continues to impact the amount of available land for Parking Services' surface lots, a standalone parking structure has become a necessity. In its long-range plan, the ancillary will continue to accumulate a new construction reserve in support of this initiative. Design specifications, costing, and financing will be developed through the advisory and capital committee process throughout the planning period.

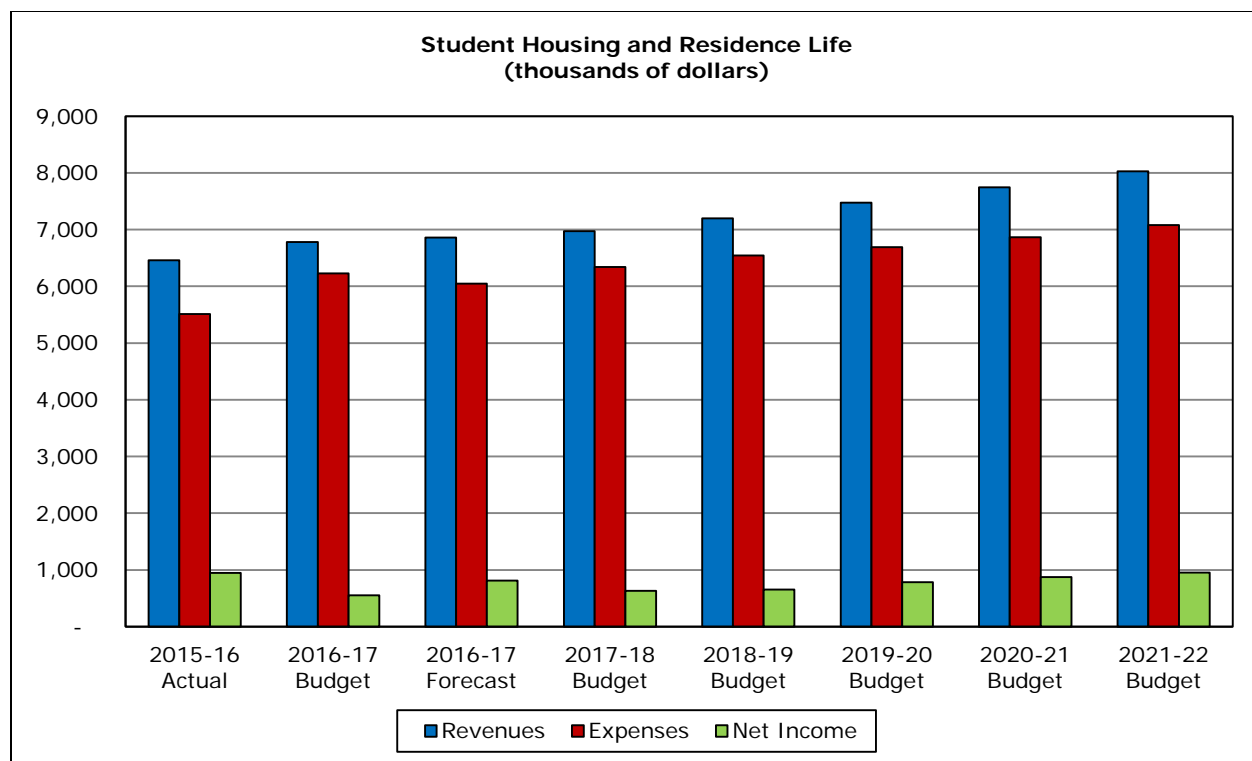
Review of UTSC Ancillary Operations

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 56 apartments. Five houses and one apartment are specifically designed for students with accessibility needs. First year residents have outnumbered upper year residents as of 2006-07, and continued campus growth indicates that this trend will continue. Over the last five years, international students have grown from one-third of the Residence population to almost half. Residence expects 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 2016-17 include: upgrade of the ResNet system to provide fast and uninterrupted connectivity to all Residences in Summer 2016 (\$0.5 million project); high occupancy rate of 99.5% through strategic occupancy management, which included waitlist management; created and implemented three advisory committees to facilitate the decision making process; created and implemented five working groups of the Student Housing Advisory committee; and, extended the hours of operation at the Reception & Services Desk. These accomplishments have increased student satisfaction rates over the prior year that reflects the overall improved value of the residence experience.



	2015-16 Actual	2016-17 Budget	2016-17 Forecast	2017-18 Budget	2018-19 Budget	2019-20 Budget	2020-21 Budget	2021-22 Budget
Revenues	6,457	6,781	6,861	6,973	7,201	7,474	7,744	8,031
Expenses	5,470	6,228	6,048	6,343	6,545	6,688	6,867	7,079
Net Income	987	553	813	630	656	786	877	952
% Revenue Δ		5%	1%	2%	3%	4%	4%	4%

2016-17 Forecast

The ancillary is forecasting net income of \$0.8 million in 2016-17, which is \$0.3 million (or 47%) better than budget. Total fund balance will be \$3.7 million. Favourable net income is the result of increased revenues from better than expected summer occupancy of 83% (versus 69% budgeted). Through strategic occupancy management, Residence limited the number of vacancies, coupled with an increase in demand from upper year students, 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. Design fees for major maintenance projects were not

incurred. These savings were offset by higher than expected cleaning costs due to implementation of new common area cleaning services.

2017-18 Budget and Long Range Plan

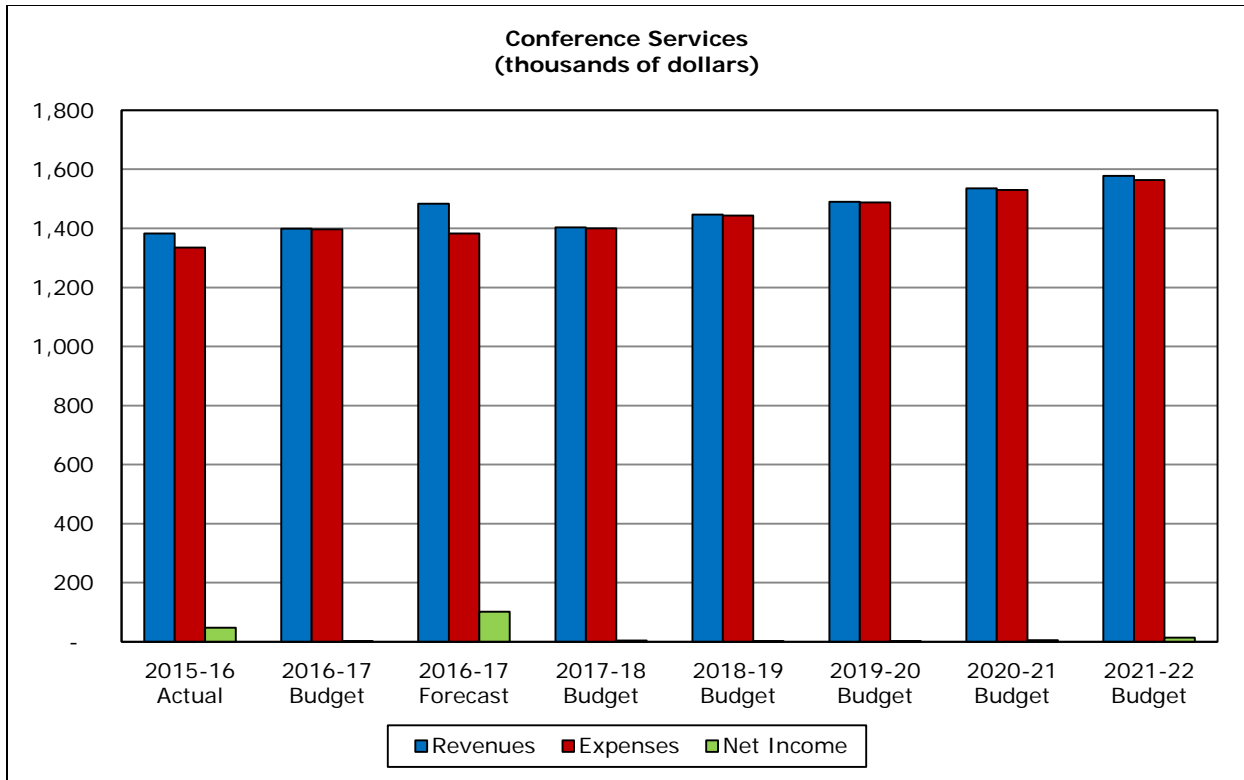
Residence rates are set to increase by 3.5% for summer fees and townhouses, and 4.5% for apartment style suites, which will drive an overall increase in revenue by \$0.1 million over the 2016-17 forecast. With the higher non-refundable residence deposit, careful waitlist management, and continued focus on residence life and support programs, the ancillary expects to maintain occupancy at a minimum of 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 including partial roof replacement (\$0.4 million), and \$0.5 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 \$4.3 million in 2017-18.

The ancillary proposes fee increases between 3.5% and 4.5% for the period up to 2021-22. The rates will increase revenues by \$1.0 million from 2017-18 to 2021-22 and clear the unrestricted deficit during 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 cost of borrowing 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 and replace sections of the Joan Foley Hall roof.

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 stability 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. The ancillary also provides an Arts and Science camp for the community as well as a popular Leadership Camp designed for young adults. Conference Services continues to work with faculty on other iterations of camp on campus despite challenges due to a reduction of space.



	2015-16 Actual	2016-17 Budget	2016-17 Forecast	2017-18 Budget	2018-19 Budget	2019-20 Budget	2020-21 Budget	2021-22 Budget
Revenues	1,383	1,399	1,484	1,403	1,446	1,490	1,535	1,578
Expenses	1,335	1,397	1,382	1,400	1,444	1,487	1,530	1,564
Net Income	48	2	102	3	2	3	5	14
% Revenue Δ		1%	6%	-5%	3%	3%	3%	3%

2016-17 Forecast

Conference Services forecasts net income of \$0.1 million in 2016-17, which is \$0.1 million above budget. Total fund balance will be \$1.5 million and includes \$0.8 million new construction reserve and \$0.7 million operating reserve. The net operating result is mainly due to \$0.1 million of revenue from various film facility rentals during summer 2016 that exceeded expectations.

2017-18 Budget and Long Range Plans

Conference Services will continue to generate positive net operating results in 2017-18, which is consistent with the 2016-17 budget as demand for film facility

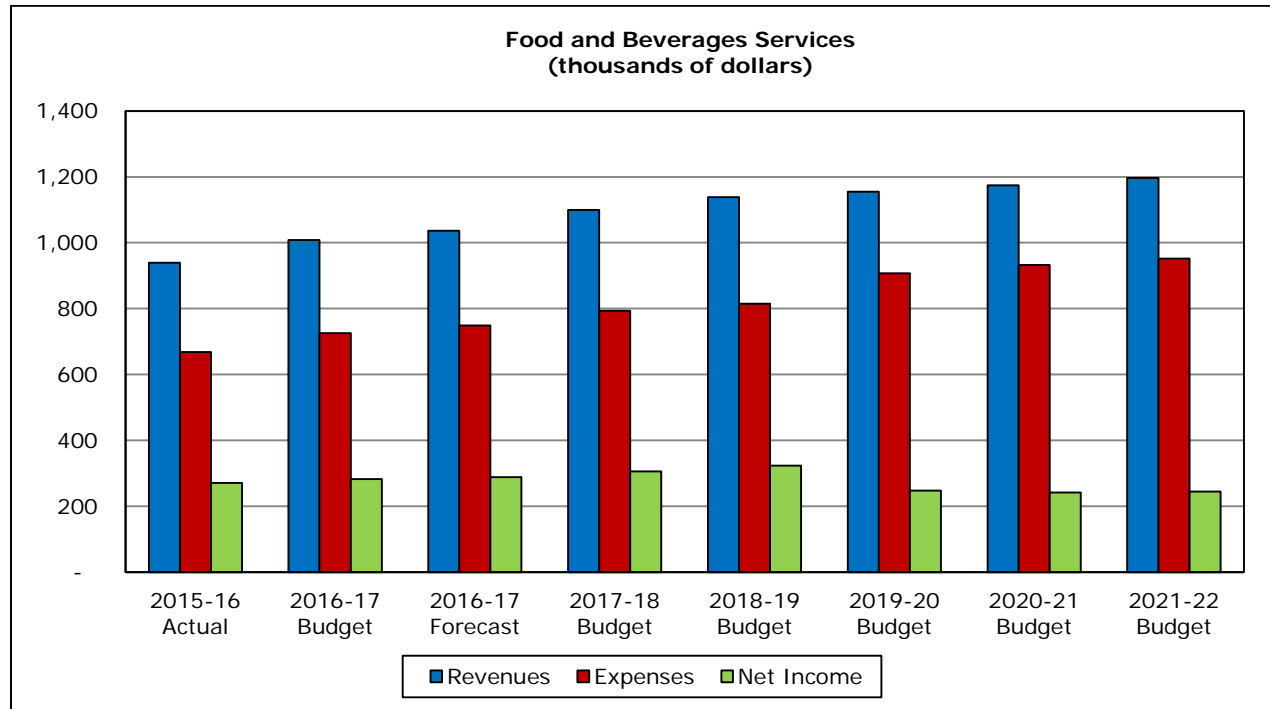
rentals is uncertain and less predictable than other sources of revenue. Net assets will be \$1.5 million, representing new construction reserve of \$0.8 million and operating reserve of \$0.7 million. Conference Services will maintain revenues through nominal increases in the Green Path and FAIR programs, and seek diversification by utilizing software that provides value added services to faculties or student groups that can expand into full conference management packages. The Arts and Science Summer Camp continues to face space limitations due to the renovation of the former gymnasium. In order to avoid limitations on activities over the next year, 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 2021-22, Conference Services expects to maintain net assets of \$1.5 million, which represents \$0.7 million operating reserve and \$0.8 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.



	2015-16 Actual	2016-17 Budget	2016-17 Forecast	2017-18 Budget	2018-19 Budget	2019-20 Budget	2020-21 Budget	2021-22 Budget
Revenues	939	1,008	1,036	1,099	1,139	1,155	1,174	1,196
Expenses	668	726	748	794	815	907	932	952
Net Income	271	282	288	305	324	248	242	244
% Revenue Δ		7%	3%	6%	4%	1%	2%	2%

2016-17 Forecast

Food and Beverage Services forecasts that it will meet its net operating requirements of \$0.3 million before transfers and commitments. After transfers out of the ancillary (\$0.2 million), total net assets will be \$0.9 million and represents \$0.4 million invested in capital assets, \$0.2 million operating reserve, and \$0.4 million new construction reserve.

Favourable net income is attributed to increased manual and cafeteria sales as the ancillary continues to focus on meeting the needs of users on campus by adjusting hours of operations to reflect student demand during peak and off-peak periods and new menu options. Revenue increases were offset by increases in direct costs and operating expenses attributed to repairs and maintenance on increased use of

equipment as a result of increased activity and contributed to break-even results. Food Services also incurred lower capital spending on the H-Wing Marketplace seating area renovation and kitchen equipment purchases. The ancillary continues to apply an ongoing preventative service and maintenance program that helps manage overall costs.

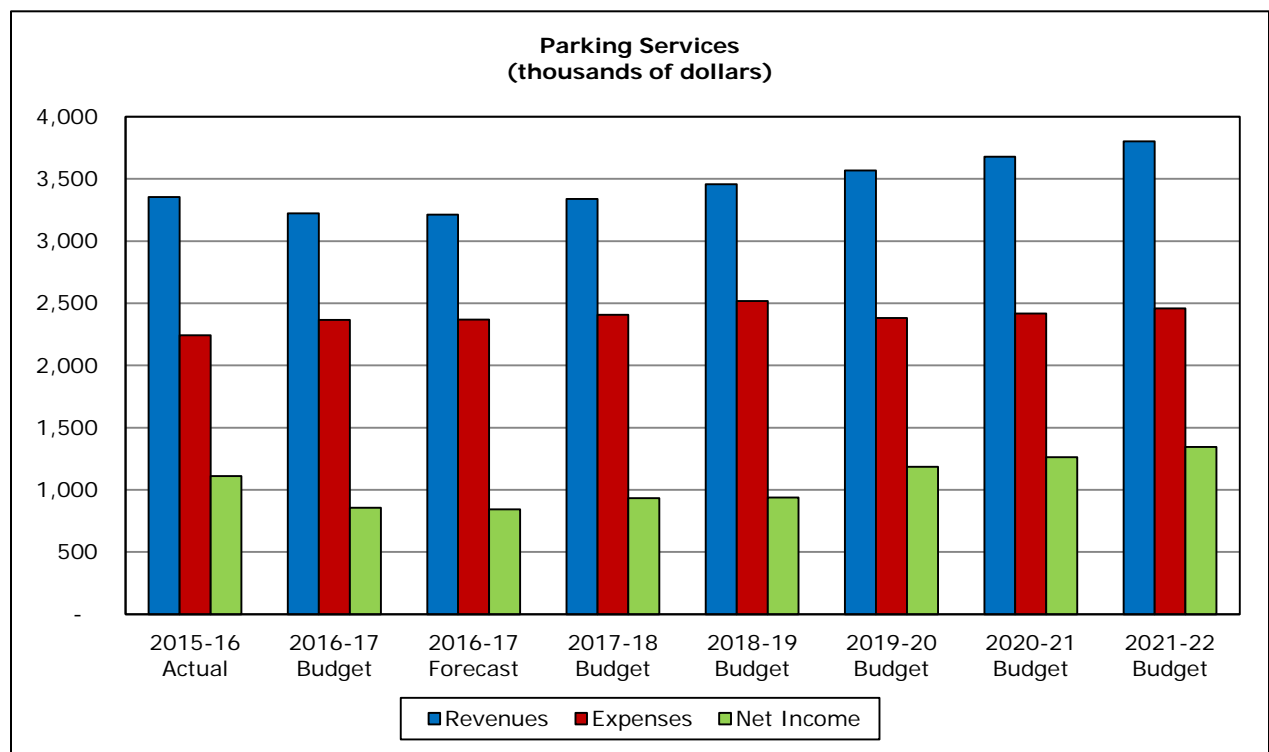
2017-18 Budget and Long Range Plans

The ancillary is budgeting net income of \$0.3 million in 2017-18, which is an increase of 6.1% over the 2016-17 forecast. Net assets will be \$1.1 million, representing new construction reserve of \$0.4 million, \$0.5 million invested in capital assets, and \$0.2 million operating reserve. Revenues will increase by 6.1% offset by an increase in operating expenses of 6.0%. 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. Amortization expense attributed to planning and building of new outlets as well as direct costs from the increase in food sales also contribute to the overall expense increase.

Net assets are expected to reach \$1.7 million by 2021-22 with \$1.2 million allocated to the new construction reserve. In the long run, Food and Beverage Services plans for its growth through additional outlets and increased enrolment 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 340 spaces in the South Campus (inner) Lots and 2,284 North Campus (outer) Lots in 2016-17. 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.



	2015-16 Actual	2016-17 Budget	2016-17 Forecast	2017-18 Budget	2018-19 Budget	2019-20 Budget	2020-21 Budget	2021-22 Budget
Revenues	3,354	3,222	3,212	3,339	3,456	3,566	3,679	3,802
Expenses	2,244	2,366	2,369	2,406	2,517	2,381	2,417	2,458
Net Income	1,110	856	843	933	939	1,185	1,262	1,344
% Revenue Δ		-4%	0%	4%	3%	3%	3%	3%

2016-17 Forecast

Parking is forecasting net income of \$0.8 million, which is consistent with the original budget. Total net assets will be \$5.4 million. The net income is mainly the result of a nominal decrease in parking permit revenue as the oversell ratio for South permit spaces were reduced to maintain customer satisfaction. Permit revenue was offset by better than expected Pay and Display Meter revenue. Demand for Pay and Display Meter parking continues to grow and has benefited from increased reliability of parking meters following an upgrade of hardware and connectivity.

2017-18 Budget and Long Range Plan

The 2017-18 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. Increases to Cash flat rates in the North Lots are proposed for 2017-18. Parking lot refurbishment projects will take place in 2017-18, and is the main driver for the increase in direct expenses over 2016-17 by 1.6%. Parking Services is projecting a \$0.9 million surplus of which \$0.3 million will be transferred to UTSC's operating budget.

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 2017-18, and the ancillary will continue to build its reserves in anticipation of this initiative. Net Assets will be \$6.0 million with \$4.9 million in new construction reserve, \$0.6 million investment in capital assets, \$0.3 million capital renewal reserve and \$0.2 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 \$9.3 million in 2021-22.

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 2015-16, the forecast for 2016-17, and projections for the five year period, 2017-18 to 2021-22. Only the proposed budget for 2017-18 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 2016. Members supported the plans for the 2017-18 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. Beginning in 2016-17, SHAC implemented five working groups to further focus learning opportunities and include Academics, Equity, Well Being, Safety, and Communications.

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, 2018
(with comparative projected surplus for the year ending April 30, 2017)
(thousands of dollars)

	Revenue	Expense	Net Income before Transfers	Transfers in/(out)	Net Income after Transfers 2018	Net Income after Transfers 2017
Residence	6,973	6,343	630	-	630	813
Conference	1,403	1,400	3	-	3	102
Food	1,099	794	305	(190)	115	125
Parking	3,339	2,406	933	(329)	604	526
Total	12,814	10,943	1,871	(519)	1,352	1,566

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

Service Ancillary	Objectives to be met within 2017-18				2017-18					2017-18	2019-20	2021-22
	1	2	3	4	Unrestricted Surplus / (Deficit)	Projected Investment in Capital Assets	Projected Commitments to Capital Renewal (Sch 3.1)	Projected Operating Reserve (Sch 3.2)	Projected Construction Reserve (Sch 3.2)	Net Assets	Net Assets	Net Assets
Residence	Yes	Yes	Yes	No	-	2,876	660	716	40	4,292	5,734	7,562
Conference	Yes	Yes	Yes	No	-	9	1	702	808	1,520	1,525	1,544
Food	Yes	Yes	Yes	No	-	500	7	172	376	1,055	1,426	1,712
Parking	Yes	Yes	Yes	Yes	-	605	281	244	4,896	6,026	7,460	9,332
Total					-	3,990	949	1,834	6,120	12,893	16,145	20,150

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</u> <u>May 1, 2017</u>	<u>Net Increase /</u> <u>(Decrease) in</u> <u>Commitments to</u> <u>Capital Renewal</u>	<u>Balance</u> <u>April 30, 2018</u>	<u>Balance</u> <u>April 30, 2022</u>
Residence	673	(13)	660	558
Conference	1	-	1	1
Food	7	-	7	7
Parking	<u>288</u>	<u>(7)</u>	<u>281</u>	<u>197</u>
Total	<u>969</u>	<u>(20)</u>	<u>949</u>	<u>763</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, 2017	Increase / (Decrease) in Operating Reserve	Balance April 30, 2018	Balance April 30, 2022	Balance May 1, 2017	Increase / (Decrease) in Construction Reserve	Balance April 30, 2018	Balance April 30, 2022
Residence	705	11	716	824	-	40	40	2,061
Conference	742	(40)	702	767	761	47	808	775
Food	164	8	172	187	373	3	376	1,164
Parking	235	9	244	278	4,454	442	4,896	8,417
Total	1,846	(12)	1,834	2,056	5,588	532	6,120	12,417

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

Service Ancillary	2016-17 Forecast			2017-18 Budget			2018-19 Budget		
	Net Income (Loss) Before Transfers	Transfers In / (Out)	Net Income (Loss) After Transfers	Net Income (Loss) Before Transfers	Transfers In / (Out)	Net Income (Loss) After Transfers	Net Income (Loss) Before Transfers	Transfers In / (Out)	Net Income (Loss) After Transfers
Residence	813	-	813	630	-	630	656	-	656
Conference	102	-	102	3	-	3	2	-	2
Food	288	(163)	125	305	(190)	115	324	(100)	224
Parking	843	(317)	526	933	(329)	604	939	(340)	599
Total	2,046	(480)	1,566	1,871	(519)	1,352	1,921	(440)	1,481

Service Ancillary	2019-20 Budget			2020-21 Budget			2021-22 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	786	-	786	877	-	877	952	-	952
Conference	3	-	3	5	-	5	14	-	14
Food	248	(100)	148	242	(100)	142	244	(100)	144
Parking	1,185	(350)	835	1,262	(361)	901	1,344	(373)	971
Total	2,222	(450)	1,772	2,386	(461)	1,925	2,554	(473)	2,081

University of Toronto Scarborough
Service Ancillaries Operations Budget Summary
Summary of 2017-18 Capital Budgets
(with comparative figures for 2016-17)
(thousands of dollars)

	<u>2017-18 Budget</u>	<u>2016-17 Budget</u>
Residence	814	824
Conference	-	10
Food	203	285
Parking	<u>120</u>	<u>111</u>
Total	<u>1,137</u>	<u>1,230</u>

Schedule of 2017-18 Ancillary Rates

STUDENT HOUSING AND RESIDENCE LIFE				
<u>DESCRIPTION</u>	<u>2016-17</u>	<u>% Change</u>	<u>2017-18</u>	<u>Inc. / (Dec.) per Month</u>
<i>Fall/Winter Rates</i>				
Phase I - III single	\$ 8,031	3.5%	\$ 8,312	\$ 35.14
Phase IV single	\$ 8,941	4.5%	\$ 9,343	\$ 50.29
Phase I - III shared	\$ 5,947	3.5%	\$ 6,155	\$ 26.02
Phase I - III shared basement	\$ 5,352	3.5%	\$ 5,540	\$ 23.42
<i>Summer Rates</i>				
Phase I-III (academic term May 8 - August 27)	\$ 3,805	3.5%	\$ 3,938	\$ 33.29
Visitor Weekly Rate	\$ 238	3.5%	\$ 246	
Ph IV-Foley Hall (academic term May 8 - August 2)	\$ 4,077	3.5%	\$ 4,220	\$ 35.68
Visitor Weekly Rate	\$ 255	3.5%	\$ 264	

Schedule of 2017-18 Ancillary Rates

PARKING SERVICES						
<u>DESCRIPTION</u>	<u>LOT</u>	<u>2016-17</u> <u>Approved</u>	<u>2017-18</u> <u>Proposed</u>	<u>% Change</u>	<u>\$ Change</u> <u>per mo.</u>	<u>NOTES</u>
PERMITS:						
<u>South Lots:</u>						
Annual, South Lot Employee Premium	C, D	\$ 1,152.88	\$1,187.47	3.0%	or... \$ 2.88 ...per month	
Annual, South Lot Employee Reserved		\$ 1,533.34	\$1,579.34	3.0%	or... \$ 3.83 ...per month	
Annual, Ring Road Employee	E	\$ 1,037.60	\$1,068.73	3.0%	or... \$ 2.59 ...per month	
Summer Term		\$ 230.59	\$237.51	3.0%	or... \$ 1.73 ...per month	
Residence, Fall/Winter Term	B	\$ 816.20	\$840.69	3.0%	or... \$ 3.06 ...per month	
Residence, Summer Term		\$ 204.06	\$210.18	3.0%	or... \$ 1.53 ...per month	
Evening Payroll, Employee Annual		\$ 532.14	\$548.10	3.0%	or... \$ 1.33 ...per month	
<u>North Lots:</u>						
Annual North Lot, Premium (Lot K)	K	\$ 1,152.88	\$1,187.47	3.0%	or... \$ 2.88 ...per month	
Annual North Lot, Payroll Employee	G, H	\$ 886.85	\$913.46	3.0%	or... \$ 2.22 ...per month	
Student, Fall/Winter		\$ 708.96	\$730.23	3.0%	or... \$ 2.66 ...per month	
Fall or Winter Term		\$ 397.02	\$408.93	3.0%	or... \$ 2.98 ...per month	
Summer Term		\$ 177.89	\$183.23	3.0%	or... \$ 1.33 ...per month	
Centennial Permit (September to May)	J	\$ 792.72	\$832.36	5.0%	or... \$ 4.40 ...per month	A
Centennial Summer Permit	J	\$ 396.36	\$416.18	5.0%	or... \$ 6.61 ...per month	A
CASH PARKING:						
<u>South Lots:</u>						
Peak period hourly rate	A	\$ 3.00	\$ 3.00	-		
Flat Rate, Evening		\$ 6.00	\$ 6.00	-		
Flat Rate, Weekend		\$ 5.00	\$ 5.00	-		
Summer conference - daily rate		\$ 5.40	\$ 5.40	-		
Summer conference - youth bed rate		\$ 1.20	\$ 1.75	46%		
<u>Instructional Center Lot K: Currently Permits Only</u>						
Flat Rate, Day	K	\$ 10.00	\$ 10.00	-		
Flat Rate, Evening		\$ 5.00	\$ 5.00	-		
Flat Rate, Weekend		\$ 4.00	\$ 4.00	-		
<u>Lots F, G and H (North Lots):</u>						
Flat Rate, Day	F, G, H	\$ 7.50	\$ 8.50	13%		
Flat Rate, Evening		\$ 4.00	\$ 5.00	25%		
Flat Rate, Weekend		\$ 2.00	\$ 3.00	50%		
<u>Daily Visitor Event Rate (various locations)</u>						
Event Parking Rate		Market Pricing				
NOTES:						
A. The annual percentage increase of 5% is part of the parking agreement between UofT Scarborough and Centennial College.						