

**FOR CONFIRMATION**

**PUBLIC**

**CLOSED SESSION**

**TO:** Executive Committee

**SPONSOR:** Andrew Arifuzzaman, Chief Administrative Officer

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**PRESENTER:**

**CONTACT INFO:**

**DATE:** March 20, 2018 for March 27, 2018

**AGENDA ITEM:** 6(d.)

**ITEM IDENTIFICATION:**

UTSC Operating Plans: 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 12, 2018)
2. University Affairs Board (For Information) (March 6, 2018)
3. UTSC Campus Council (For Approval) (March 7, 2018)
4. **Executive Committee (For Confirmation) (March 27, 2018)**

**PREVIOUS ACTION TAKEN:**

At its meeting held on February 12, 2018, the UTSC Campus Affairs Committee recommended the 2018-19 UTSC service ancillary operating plan proposal to the UTSC Campus Council for approval at its meeting on March 7, 2018.

## **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 2016-17, the forecast for 2017-18, and projections for the five year period, 2018-19 to 2022-23. Only the proposed budget for 2018-19 is presented for approval.

This year, approval of the Operating Plans will occur at the UTSC Campus Council meeting on Wednesday, March 7<sup>th</sup>. Therefore, the Operating Plans presented to the University Affairs Board on Wednesday, March 6<sup>th</sup> are conditional on the approval of the UTSC Campus Council.

### 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 2018-19 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.

2018-19 Service Ancillary Operating Plans and Budgets

Service ancillaries are budgeting net income of \$2.6 million before transfers at April 30, 2019 on projected revenues of \$13.5 million (see Schedule 1), which will primarily be applied to increase reserves for capital renewal, operating, and new construction, thus strengthening financial health.

2018-19 Service Ancillary Capital Budgets

The service ancillaries are budgeting capital expenditures of \$0.9 million in 2018-19 (see Schedule 5). The capital budgets include major renovations to the Residence Centre and Phase II for Residence, security equipment for Parking Services, and a Highland Hall café plus kitchen equipment in Food Services.

2018-19 Service Ancillary Rates and Fees

Student Housing and Residence Life proposes an increase of 3% for townhouses and apartment style suites. Parking Services proposes a 3% permit rate increase for all categories of UTSC permits.

These budgets and rates provided for approval for 2018-19 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 by the Executive Committee

THAT the 2018-19 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 December 15, 2017, be approved effective May 1, 2018.

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**DOCUMENTATION PROVIDED:**

UTSC Service Ancillary Report on Operating Plans, 2018-19



UNIVERSITY OF  
**TORONTO**  
SCARBOROUGH

Service Ancillary Report on Operating Plans

2018-19

December 15, 2017

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## Introduction

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University of Toronto Scarborough (UTSC) has experienced significant growth over the past decade. Enrolment is reaching 14,000 students, and UTSC's continued expansion looks ahead to a new phase of growth guided by student centred experiences and the campus' relationship to the surrounding region. UTSC ancillaries provide services that support its core teaching and research functions. Each ancillary's service oriented focus enhances the campus experience for students, staff and faculty, and the neighbouring community. Service Ancillaries at UTSC include Student Housing and Residence Life, Conference Services, Food and Beverage Services, and Parking Services.

The next major infrastructure development at UTSC is a 750-bed passive house residence that follows UTSC's dedication to environmental stewardship through innovation. Economic impacts of the new residence on each ancillary are not included in this submission, but will appear in the 2019-20 report on operating plans with financial impacts modeled under 2020-21.

The new residence will introduce an investment partner; however, operations and service integration will be seamless from a user perspective. UTSC has leveraged the building for new campus requirements such as a dining hall and cafeteria that will accommodate the new residence and all existing buildings. UTSC has exceeded its international enrolment expectations achieving 25% of Year 1 entry students. The surrounding community is also experiencing the effect of an increased international population with students moving into local homes. The new residence expands UTSC's housing inventory to better meet the diverse needs of domestic and international, and first-year and upper-year students. One of the secondary effects is investment in a standalone parking structure to replace surface lots designated to the residence site plan.

The goal of UTSC ancillaries is integration of high quality services, efficiencies and cost effectiveness to support the community that is consistent with the mission, standards, and reputation of UofT. Food and Beverage Services engages the campus by forming partnerships that deliver a wide range of food options and healthy campus initiatives, and refreshing brands as tastes evolve in order to meet user demands. Parking Services maintains a range of parking spaces under City by-law requirements, and develops standards to meet the needs of the campus community and visitors while encouraging other modes of transportation. Conference Services optimizes the use of campus facilities when not in use for academic purposes and provides conference management services to academic conference guests.

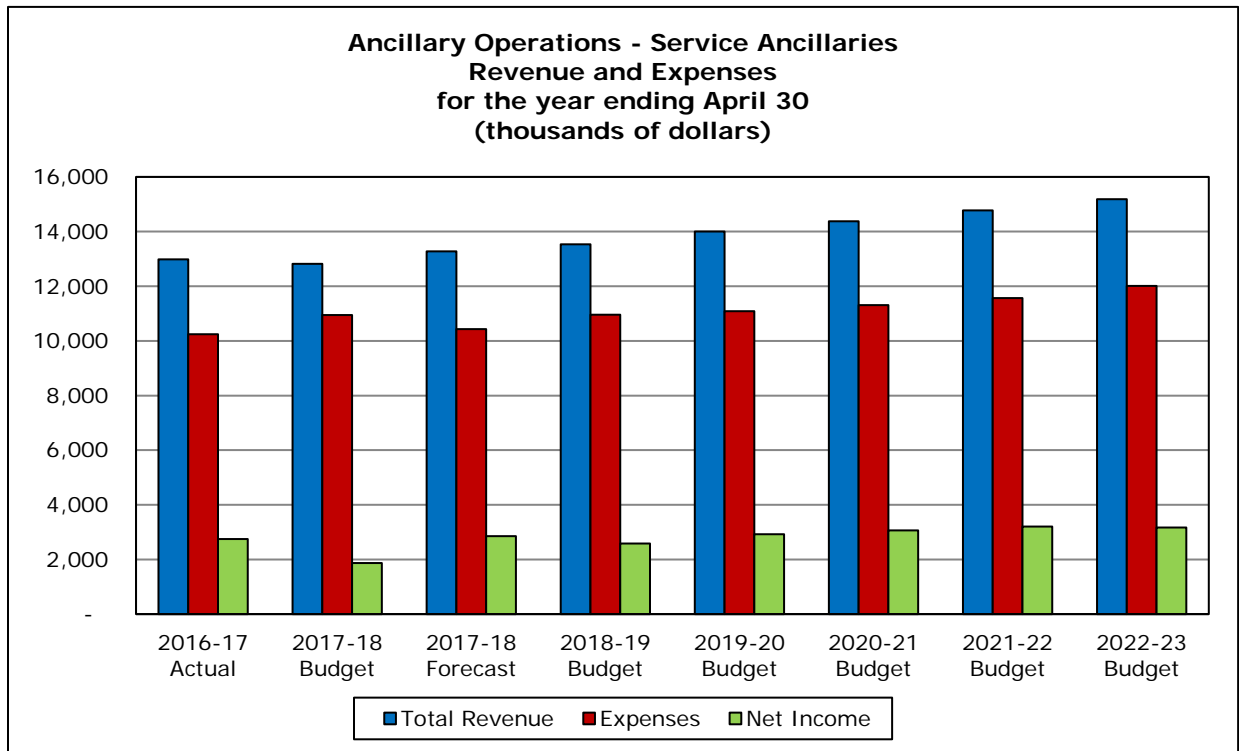
UTSC service ancillaries also contribute to the operating fund. These annual contributions are reinvested into campus initiatives that directly fund campus expansion activities including both academic and non-academic endeavors.

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 2017-18 forecasts, 2018-19 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

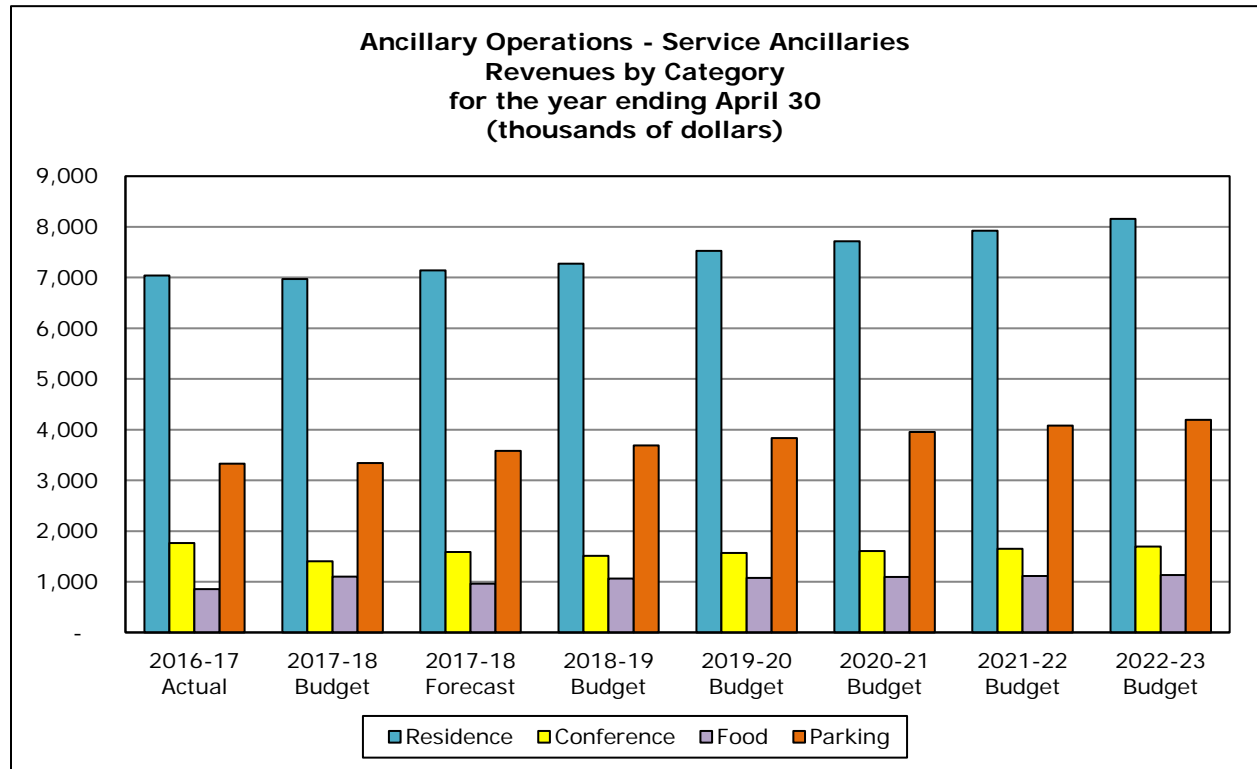


	2016-17 Actual	2017-18 Budget	2017-18 Forecast	2018-19 Budget	2019-20 Budget	2020-21 Budget	2021-22 Budget	2022-23 Budget
<b>Revenues</b>	12,983	12,815	13,277	<b>13,537</b>	14,006	14,372	14,770	15,187
<b>Expenses</b>	10,240	10,943	10,428	<b>10,958</b>	11,085	11,310	11,566	12,014
<b>Net Income</b>	2,743	1,872	2,849	<b>2,579</b>	2,921	3,062	3,204	3,173
<b>% Revenue Δ</b>		-1.3%	3.6%	<b>2.0%</b>	3.5%	2.6%	2.8%	2.8%

UTSC service ancillaries are forecasting net income of \$2.8 million before transfers as at April 30, 2018 on projected revenue of \$13.3 million. The forecasted net income represents a \$0.1 million increase from last year's net income of \$2.7 million. Net income projections for 2017-18 will exceed budget by \$1.0 million. This is mainly due to favourable variances, with \$0.6 million attributed to Residence and \$0.4 million from Parking.



For the 2018-19 budget, the service ancillaries are anticipating net income of \$2.6 million with \$13.5 million of revenues and \$10.9 million of expenses. Compared to the 2017-18 forecast, the \$2.6 million income will result from an increase of 2.0% in revenues and increase of 5.1% in expenses.



	2016-17 Actual	2017-18 Budget	2017-18 Forecast	2018-19 Budget	2019-20 Budget	2020-21 Budget	2021-22 Budget	2022-23 Budget
<b>Residence</b>	7,041	6,973	7,144	<b>7,276</b>	7,527	7,717	7,927	8,160
<b>Conference</b>	1,761	1,404	1,588	<b>1,509</b>	1,571	1,610	1,650	1,696
<b>Food</b>	852	1,099	961	<b>1,062</b>	1,076	1,094	1,114	1,135
<b>Parking</b>	3,329	3,339	3,584	<b>3,690</b>	3,832	3,951	4,079	4,196
<b>Total Revenue</b>	12,983	12,815	13,277	<b>13,537</b>	14,006	14,372	14,770	15,187
<b>Expenses</b>	10,240	10,943	10,428	<b>10,958</b>	11,085	11,310	11,566	12,014
<b>Net Income</b>	2,743	1,872	2,849	<b>2,579</b>	2,921	3,062	3,204	3,173

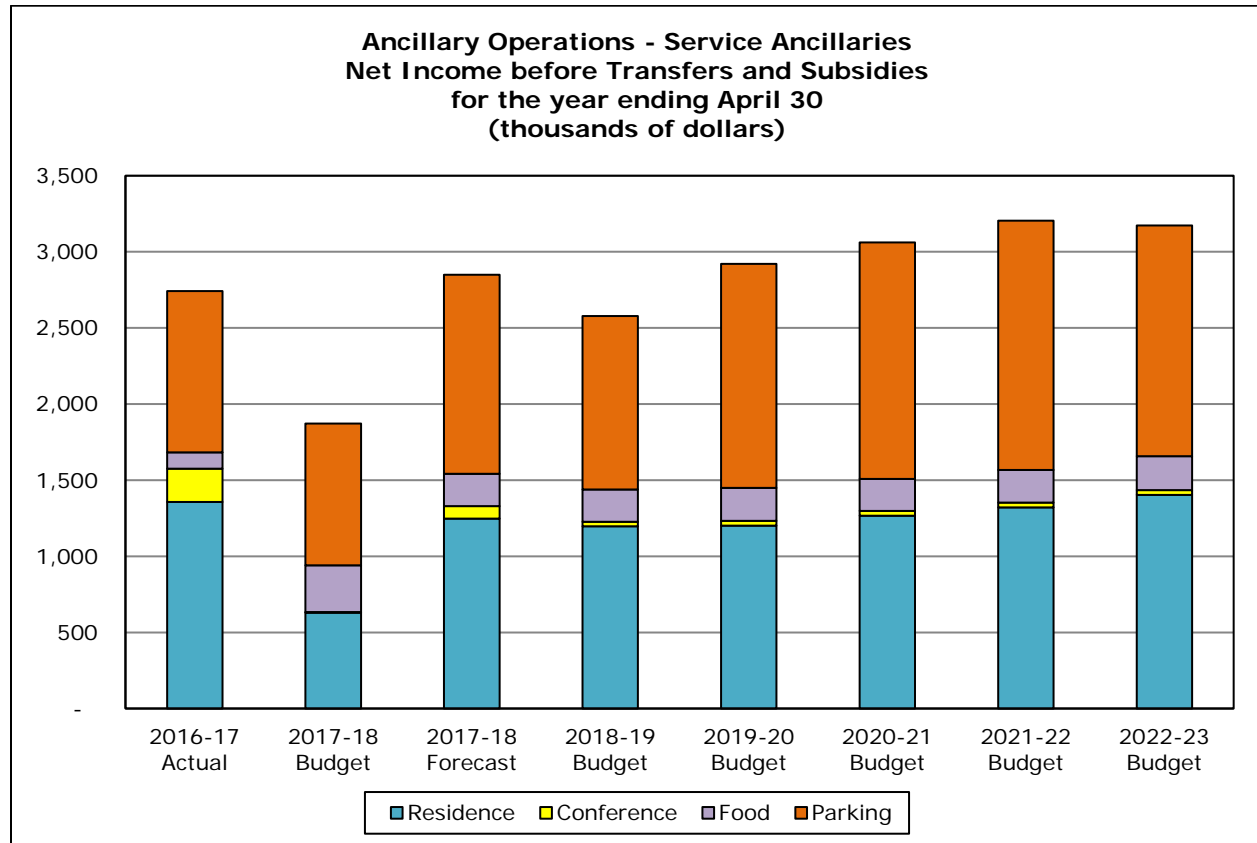
Residence will continue to enhance the quality of activities, supports, and services available to students as well as maximize occupancy with sustainable fee increases and target spending priorities to remain financially viable. Conference Services is focused on innovative ways to generate new business 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 2018-19 revenue budget is projected to reach \$13.5 million, an increase of \$0.3 million (2.0%) over the 2017-18 forecast. \$0.1 million (1.8% increase) of the increase is attributed to Residence, \$0.1 million (10.5% increase) from Food and Beverage Services and \$0.1 million (3.0% increase) from Parking. These increases are offset by a \$0.1 million decrease (5.0%) 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 \$1.7 million from 2018-19 to 2022-23 of which \$0.9 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

Forecasted net income for 2017-18 is \$2.8 million before transfers and subsidies, which is \$0.9 million higher than budget. The largest contributors in exceeding budgeted net income in 2017-18 is from Residence (\$0.6 million) followed by Parking (\$0.4 million). Better than expected Fall/Winter Residence occupancy and strong parking permit sales, combined with postponed expenditures in Residence and Parking, resulted in net income exceeding budget.



	2016-17 Actual	2017-18 Budget	2017-18 Forecast	2018-19 Budget	2019-20 Budget	2020-21 Budget	2021-22 Budget	2022-23 Budget
<b>Residence</b>	1,357	630	1,248	<b>1,197</b>	1,202	1,267	1,321	1,403
<b>Conference</b>	218	4	81	<b>30</b>	31	32	32	32
<b>Food</b>	108	306	212	<b>211</b>	216	211	215	223
<b>Parking</b>	1,060	932	1,308	<b>1,141</b>	1,472	1,552	1,636	1,515
<b>Net Income</b>	2,743	1,872	2,849	<b>2,579</b>	2,921	3,062	3,204	3,173

Net income is expected to be \$2.6 million in 2018-19, which is \$0.3 million less than the 2017-18 forecast. This is the result of increased Residence expenses (salary and benefits, residence life expenses) and Parking expenses (major maintenance) and a decrease in Conference film revenues.

The outlook on net income during the planning period over the next five years is positive, with an increase of \$0.6 million from 2018-19 to 2022-23. This increase is attributed to maintaining consistent fee increases in both Parking Services and Residence. Net income in Food and Beverage and Conference Services is expected to remain consistent to 2022-23 due to growth from enrolment, nominal price increases, and regular capital renewal and maintenance.

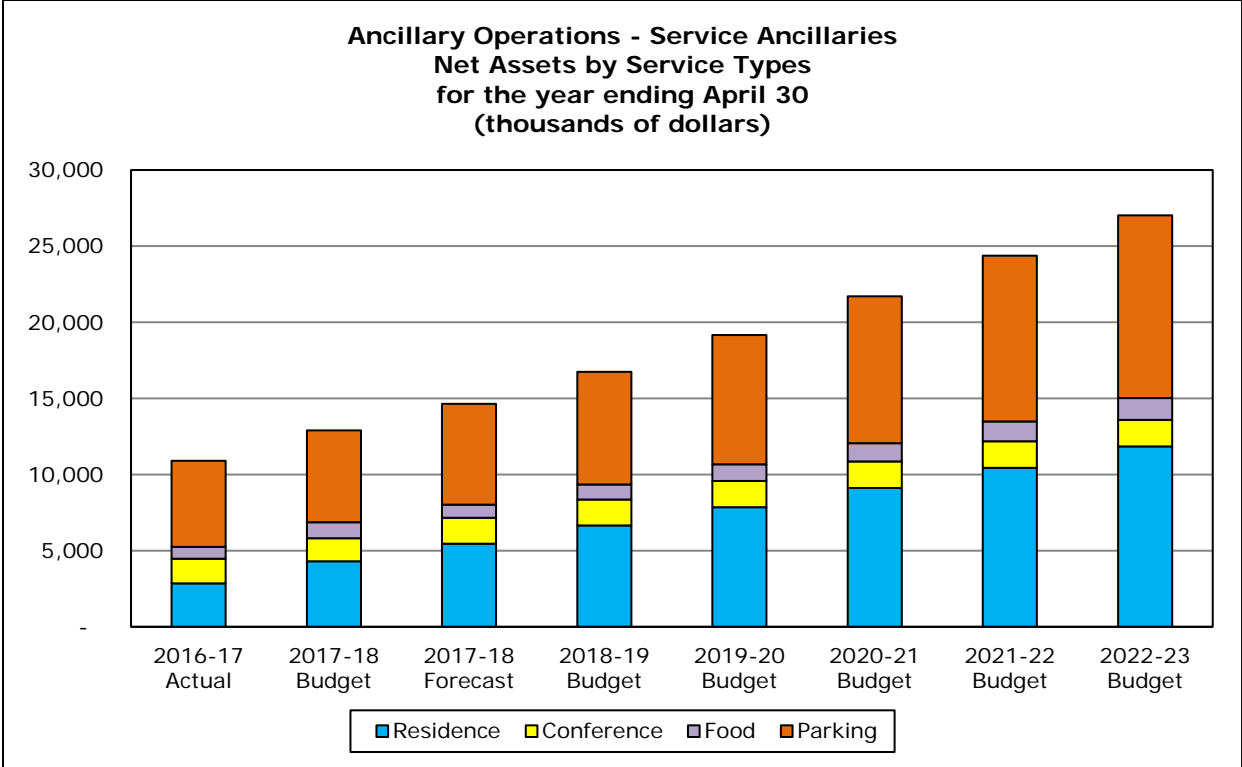
## Net Assets

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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 2016-17 to 2022-23:



	2016-17 Actual	2017-18 Budget	2017-18 Forecast	2018-19 Budget	2019-20 Budget	2020-21 Budget	2021-22 Budget	2022-23 Budget
<b>Residence</b>	4,206	4,296	5,455	<b>6,652</b>	7,854	9,121	10,441	11,844
<b>Conference</b>	1,632	1,520	1,713	<b>1,718</b>	1,724	1,731	1,738	1,745
<b>Food</b>	777	1,055	864	<b>976</b>	1,091	1,203	1,318	1,441
<b>Parking</b>	5,639	6,026	6,617	<b>7,392</b>	8,485	9,648	10,881	11,984
<b>Total</b>	12,254	12,897	14,649	<b>16,738</b>	19,154	21,703	24,378	27,014

For 2017-18, the service ancillaries are forecasting total net assets of \$14.7 million. The 2018-19 operating plan projects total net assets of \$16.7 million, the difference coming from the Net Income described above, less transfers out of ancillary operations of \$0.1 million and \$0.4 million from Food and Beverage Services and Parking Services, respectively.

Projected total net assets of \$16.7 million in 2018-19 reflects the sum of \$3.8 million investment in capital assets, \$1.2 million commitment to capital renewal, \$1.9 million in operating reserves, and a new construction reserve of \$9.8 million. The service ancillaries anticipate no unrestricted surplus or deficit for the year ending April 30, 2019. Ancillaries with accumulated deficits accrue interest at a variable rate for short-term financing and charged monthly through operating accounts. Long-term loans are subject to a fixed rate.

**Ancillary Operations - Service Ancillaries  
Net Assets by Category  
for the budget year 2018-19  
(thousands of dollars)**

	<b>Unrestricted Surplus/ (Deficit)</b>	<b>Investment in Capital Assets</b>	<b>Capital Renewal Reserve</b>	<b>Operating Reserve</b>	<b>Construction Reserve</b>	<b>Total Net Assets</b>
<b>Residence</b>	-	2,793	990	750	2,119	6,652
<b>Conference</b>	-	1	1	755	961	1,718
<b>Food</b>	-	583	7	169	217	976
<b>Parking</b>	-	381	251	259	6,501	7,392
<b>Total</b>	-	3,758	1,249	1,933	9,798	16,738

Net assets are expected to grow to \$27.0 million in 2022-23, reflecting an increase of \$10.3 million from 2018-19. This increase represents \$5.2 million from Residence, \$0.5 million from Food and Beverage Services, and \$4.6 million from Parking Services.

## Ancillary Debt

For 2018-19, the service ancillaries are projecting total outstanding debt of \$14.2 million (on original loans issued of \$25.2 million), of which \$9.6 million is attributed to Residence and \$4.6 million attributed to Parking. The estimated principal and interest payments for Residence are expected to be \$1.4 million, which is 19.9% of its revenues. Parking Services' 2018-19 principal and interest payments total \$0.7 million or 17.8% of its revenues. The estimated interest costs for Residence will be \$0.6 million, or 9.2% of revenues and 11.0% of expenses. Parking will incur \$0.3 million of interest expense, which represents 8.5% of its revenues or 12.3% of its expenses.

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

	2016-17 Actual	2017-18 Forecast	2018-19 Budget	2019-20 Budget	2020-21 Budget	2021-22 Budget	2022-23 Budget
<b>Residence</b>	11,028	10,330	9,584	8,787	7,936	7,026	6,055
<b>Conference</b>	-	-	-	-	-	-	-
<b>Food</b>	-	-	-	-	-	-	-
<b>Parking</b>	5,316	4,995	4,653	4,289	3,899	3,484	3,041
<b>Total Loan Balance</b>	16,344	15,325	14,237	13,076	11,835	10,510	9,096



## Review of UTSC Ancillary Operations

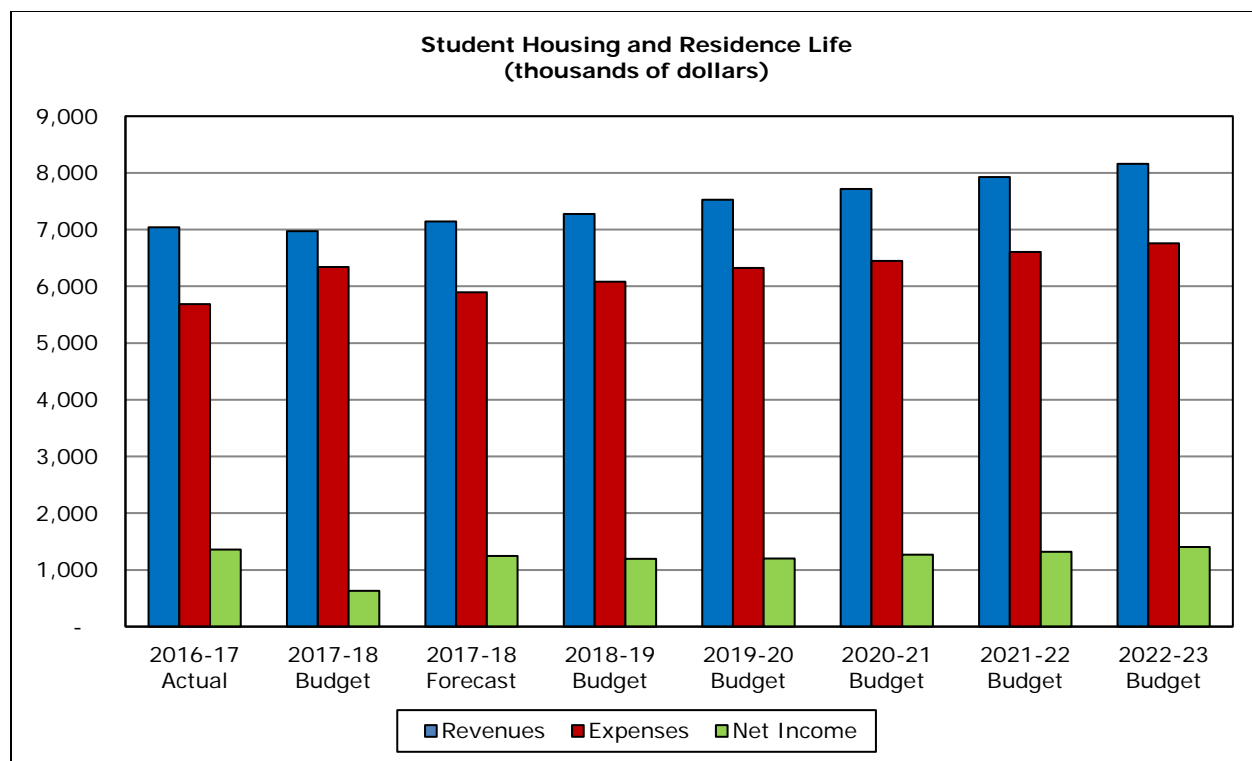
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UTSC ancillaries are continuing to experience positive growth in each of their service areas. Residence is committed to enhancing its mix of programs and services in order to provide an optimal student experience and support the strategic direction 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 three years, international students have grown from one-third of the Residence population to just over 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 2017-18 include: replaced 45,000 square feet of roofing in Joan Foley Hall (\$0.2 million); high occupancy rate of 99.5% through active occupancy management, which included waitlist management; enhanced the student life experience by increasing staff (new Manager, Residence Life and additional Residence Life Coordinator (RLC), which reduces the RLC to student ratio by 50%); and improved communications through online publication of stories about residence and the installation of LCD screens in 6 strategic locations to enhance communication to residents.



	2016-17 Actual	2017-18 Budget	2017-18 Forecast	2018-19 Budget	2019-20 Budget	2020-21 Budget	2021-22 Budget	2022-23 Budget
<b>Revenues</b>	7,041	6,973	7,144	7,276	7,527	7,717	7,927	8,160
<b>Expenses</b>	5,684	6,343	5,896	6,079	6,325	6,450	6,606	6,757
<b>Net Income</b>	1,357	630	1,248	1,197	1,202	1,267	1,321	1,403
<b>% Revenue Δ</b>		-1%	2%	2%	3%	3%	3%	3%

### 2017-18 Forecast

Residence is forecasting net income of \$1.2 million in 2017-18, which is \$0.6 million (or 98%) better than budget. Total fund balance will be \$5.5 million. Favourable net income is the result of increased revenues from better than expected Fall/Winter occupancy of 99.5% (versus 97.0% budgeted). Through active 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 accumulate as vacancies are filled later in the year. Major maintenance renovations for two townhouses were

deferred. These savings are offset by higher than expected cleaning costs due to the increase in the Ontario minimum wage in January 2018.

### **2018-19 Budget and Long Range Plan**

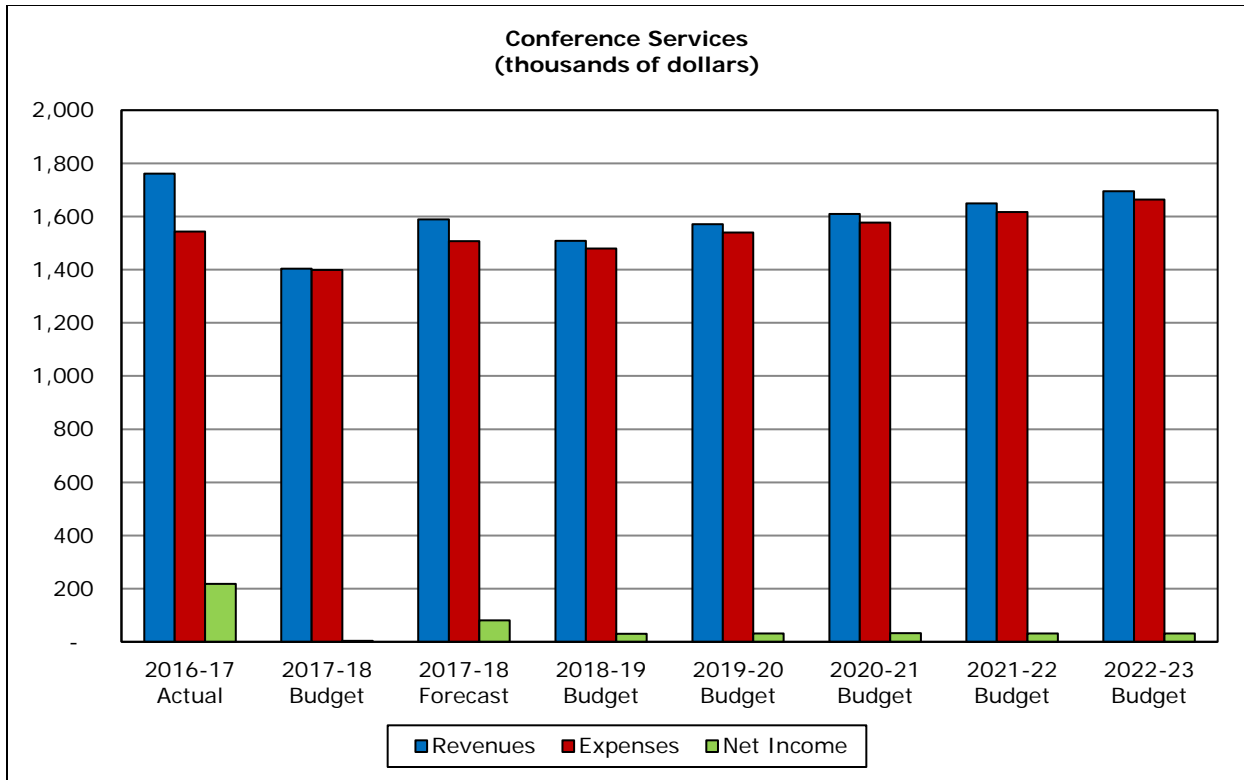
Residence rates are set to increase by 3.0%, which will drive an overall increase in revenue by \$0.1 million over the 2017-18 forecast. With the higher non-refundable residence deposit, careful waitlist management, and continued focus on residence life and support programs, the ancillary expects to maintain occupancy at a minimum of 98%. The fee increase is based on projected increases in facility expenses and major capital renewal. Residence is committed to maintaining quality facilities that meet the diverse needs of students and has therefore planned \$0.7 million in capital expenditures including major renovations (\$0.4 million), and \$0.2 million for furniture and equipment. Direct expenses also include salaries, wages and benefits, which reflect increases related to contractual obligations and staffing changes. Total fund balance will be \$6.7 million in 2018-19.

The ancillary proposes fee increases of 3.0% for the period up to 2022-23. The rates will increase revenues by \$0.9 million from 2018-19 to 2022-23. These increases are consistent with ancillary guidelines in maintaining operating reserves, and fund ongoing major maintenance as housing inventory continues to age. Major maintenance projects will be planned and assessed accordingly over the planning period. Major projects include exterior electrical and lighting systems replacement, Residence Centre renovations and the replacement of furniture in Phases II and III, and the Residence Centre.

## 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 and provides an Arts and Science camp for the community as well as a popular Leadership Camp designed for young adults. This year Camp UTSC will work with the Centre for French & Linguistics and offer a French component to camp programming. Conference Services will also continue to work with the Toronto Pan Am Sports Centre (TPASC) and bring various groups and events to UTSC.



	2016-17 Actual	2017-18 Budget	2017-18 Forecast	2018-19 Budget	2019-20 Budget	2020-21 Budget	2021-22 Budget	2022-23 Budget
<b>Revenues</b>	1,761	1,404	1,588	1,509	1,571	1,610	1,650	1,696
<b>Expenses</b>	1,543	1,400	1,507	1,479	1,540	1,578	1,618	1,664
<b>Net Income</b>	218	4	81	30	31	32	32	32
<b>% Revenue Δ</b>		-20%	13%	-5%	4%	2%	2%	3%

### 2017-18 Forecast

Conference Services forecasts net income of \$0.1 million in 2017-18, which is \$0.1 million above budget. Total fund balance will be \$1.7 million and includes \$0.9 million new construction reserve and \$0.8 million operating reserve. The net operating result is mainly due to \$0.2 million of revenue from various film facility rentals during Summer and Fall 2017 that exceeded expectations, and were offset by \$0.1 million of direct expenses.

## **2018-19 Budget and Long Range Plans**

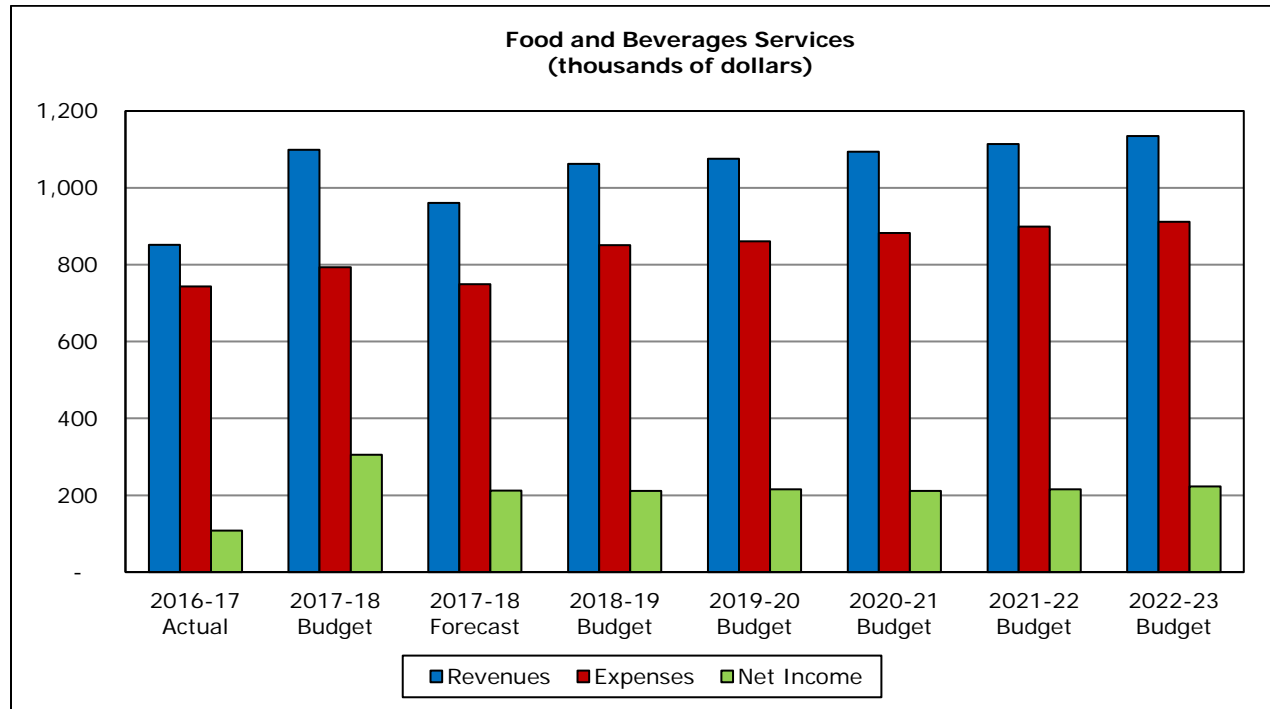
Conference Services will continue to generate positive net operating results in 2018-19, which is consistent with the 2017-18 budget as demand for film facility rentals is uncertain and less predictable than other sources of revenue. Net assets will be \$1.7 million, representing new construction reserve of \$1.0 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. Although the availability of facilities in general is limited, the diverse inventory of space that is available enables this ancillary to broaden the scope of its client base. Conference Services will target markets according to available space. Once construction of Highland Hall is complete it will provide marketing opportunities to external clients. Changes in direct expenses also include salaries, wages and benefits, which reflect increases related to contractual obligations and the addition of one staffing resource.

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. These initiatives provide the ancillary with a strong basis to maintain its summer accommodation business and make contributions to reserves at the same time. By 2022-23, Conference Services expects to maintain net assets of \$1.7 million, which represents \$0.8 million operating reserve and \$0.9 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, a Starbucks Café, two Tim Hortons outlets and a specialty café in Highland Hall in 2018-19. There is also a unit leased to an external operator, La Prep Café. Operations in the H-Wing Marketplace, Starbucks and two Tim Hortons units are 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.



	2016-17 Actual	2017-18 Budget	2017-18 Forecast	2018-19 Budget	2019-20 Budget	2020-21 Budget	2021-22 Budget	2022-23 Budget
<b>Revenues</b>	852	1,099	961	1,062	1,076	1,094	1,114	1,135
<b>Expenses</b>	744	793	749	851	860	883	899	912
<b>Net Income</b>	108	306	212	211	216	211	215	223
<b>% Revenue Δ</b>		29%	-13%	11%	1%	2%	2%	2%

### 2017-18 Forecast

Food and Beverage Services is forecasting net income of \$0.2 million, which is \$0.1 million below budget. After transfers out of the ancillary (\$0.1 million), total net assets will be \$0.9 million and represents \$0.4 million invested in capital assets, \$0.2 million operating reserve and \$0.3 million new construction reserve.

The decrease in net income is attributed to decreases in manual sales, beverage sales and vending sales. The decrease in manual sales is experienced at most outlets operated by Aramark since the end of its strike in April 2017. Beverage Services experienced lower revenues this year as fewer events were held than in prior years. Vending sales continue to decline across the industry and the addition



of new food options and extended hours has also had an impact. Revenue decreases were offset by decreases in direct costs and operating expenses attributed to repairs and maintenance. The ancillary continues to apply an ongoing preventative service and maintenance program that helps manage overall costs. Food Services also incurred lower capital spending (\$0.2 million) on equipment and the construction of Highland Hall café is postponed to 2018-19.

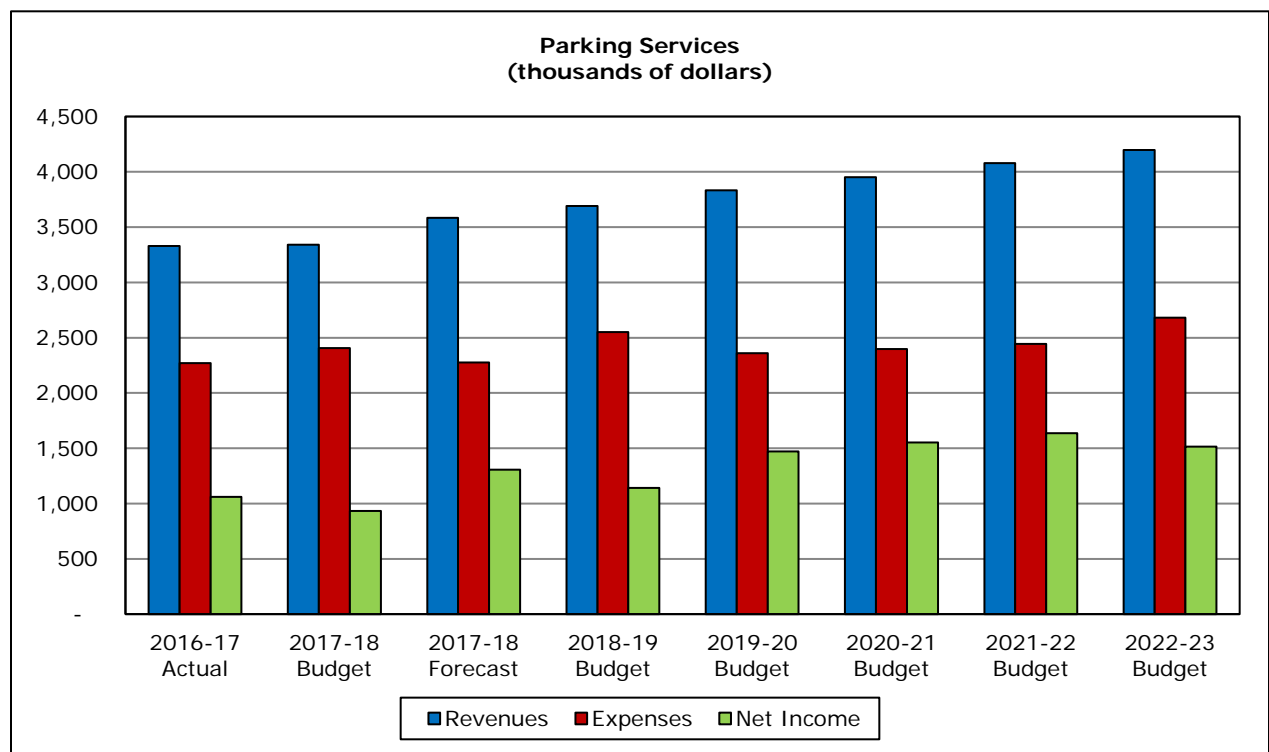
### **2018-19 Budget and Long Range Plans**

The ancillary is budgeting net income of \$0.2 million in 2018-19, which is consistent with the 2017-18 forecast. Net assets will be \$1.0 million, representing new construction reserve of \$0.2 million, \$0.6 million invested in capital assets, and \$0.2 million operating reserve. Revenues will increase by 11% and offset by an increase in operating expenses of 14%. 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 the new specialty café and two new vending machines in Highland Hall. 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 \$1.4 million by 2022-23 with \$0.6 million allocated to the new construction reserve, \$0.2 million to operating reserve and \$0.6 million to investments in capital assets. 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 Lots and 2,281 North Campus Lots in 2017-18. 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.



	2016-17 Actual	2017-18 Budget	2017-18 Forecast	2018-19 Budget	2019-20 Budget	2020-21 Budget	2021-22 Budget	2022-23 Budget
<b>Revenues</b>	3,329	3,339	3,584	3,690	3,832	3,951	4,079	4,196
<b>Expenses</b>	2,269	2,406	2,276	2,549	2,360	2,399	2,443	2,681
<b>Net Income</b>	1,060	933	1,308	1,141	1,472	1,552	1,636	1,515
<b>% Revenue Δ</b>		0%	7%	3%	4%	3%	3%	3%

## **2017-18 Forecast**

Parking is forecasting net income of \$1.3 million, which is \$0.4 million above budget. Total net assets will be \$6.6 million. Net income is mainly the result of increased parking permit revenues due to strong North lot student permit sales and 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.

## **2018-19 Budget and Long Range Plan**

The 2018-19 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. Parking lot refurbishment projects will take place in 2018-19, and is the main driver for the increase in direct expenses over 2017-18 by 12%. Parking Services is projecting a \$1.1 million surplus of which \$0.4 million will be transferred to UTSC's operating budget.

Over the next four 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. Construction of the new residence on Lot F will remove approximately 300 parking spaces from inventory. A standalone parking structure will replace surface lots to support 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 into 2018-19, and the ancillary will build its reserves in anticipation of this initiative. Net Assets will be \$7.4 million with \$6.5 million in new construction reserve, \$0.4 million investment in capital assets, \$0.2 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 \$12.0 million in 2022-23.

## **Review and Consultation Process**

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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 2016-17, the forecast for 2017-18, and projections for the five year period, 2018-19 to 2022-23. Only the proposed budget for 2018-19 is presented for approval.

## **Student / Local Committees and Councils**

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The Residence operating plan was reviewed by the Student Housing Advisory Committee (SHAC) during meetings in the Fall semester of 2017. Members supported the plans for the 2018-19 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. The Student Housing Advisory Committee's five working groups focus on learning opportunities and includes Communications, Equity, Learning Experiences, Mental Health, and Safety.

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. Social media is monitored for comments and suggestions and any concerns are immediately addressed.

Parking Services holds semi-annual 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, 2019**  
(with comparative projected surplus for the year ending April 30, 2018)  
(thousands of dollars)

	Revenue	Expense	Net Income before Transfers	Transfers in/(out)	Net Income after Transfers 2019	Net Income after Transfers 2018
Residence	7,276	6,079	1,197	-	1,197	1,248
Conference	1,509	1,479	30	(25)	5	81
Food	1,062	851	211	(100)	111	87
Parking	3,690	2,549	1,141	(366)	775	979
<b>Total</b>	<b>13,537</b>	<b>10,958</b>	<b>2,579</b>	<b>(491)</b>	<b>2,088</b>	<b>2,395</b>

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

Service Ancillary	Objectives to be met within 2018-19 1 2 3 4				2018-19					2018-19	2020-21	2022-23
					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	-	2,793	990	750	2,119	6,652	9,121	11,844
Conference	Yes	Yes	Yes	Yes	-	1	1	755	961	1,718	1,731	1,745
Food	Yes	Yes	Yes	Yes	-	583	7	169	217	976	1,203	1,441
Parking	Yes	Yes	Yes	Yes	-	381	251	259	6,501	7,392	9,648	11,984
<b>Total</b>					-	<b>3,758</b>	<b>1,249</b>	<b>1,933</b>	<b>9,798</b>	<b>16,738</b>	<b>21,703</b>	<b>27,014</b>

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

	<u>Balance May 1, 2018</u>	<u>Net Increase / (Decrease) in Commitments to Capital Renewal</u>	<u>Balance April 30, 2019</u>	<u>Balance April 30, 2023</u>
Residence	636	354	990	814
Conference	1	-	1	1
Food	7	-	7	7
Parking	272	(21)	251	164
<b>Total</b>	<b><u>916</u></b>	<b><u>333</u></b>	<b><u>1,249</u></b>	<b><u>986</u></b>



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

	OPERATING RESERVE				NEW CONSTRUCTION RESERVE			
	Balance May 1, 2018	Increase / (Decrease) in Operating Reserve	Balance April 30, 2019	Balance April 30, 2023	Balance May 1, 2018	Increase / (Decrease) in Construction Reserve	Balance April 30, 2019	Balance April 30, 2023
Residence	736	14	750	840	1,682	437	2,119	6,301
Conference	794	(39)	755	848	916	45	961	893
Food	153	16	169	181	264	(47)	217	619
Parking	252	7	259	295	5,641	860	6,501	11,286
<b>Total</b>	<b>1,935</b>	<b>(2)</b>	<b>1,933</b>	<b>2,164</b>	<b>8,503</b>	<b>1,295</b>	<b>9,798</b>	<b>19,099</b>

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

Service Ancillary	2017-18 Forecast			2018-19 Budget			2019-20 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	1,248	-	1,248	1,197	-	1,197	1,202	-	1,202
Conference	81	-	81	30	(25)	5	31	(25)	6
Food	212	(125)	87	211	(100)	111	216	(100)	116
Parking	1,308	(329)	979	1,141	(366)	775	1,472	(379)	1,093
<b>Total</b>	<b>2,849</b>	<b>(454)</b>	<b>2,395</b>	<b>2,579</b>	<b>(491)</b>	<b>2,088</b>	<b>2,921</b>	<b>(504)</b>	<b>2,417</b>

Service Ancillary	2020-21 Budget			2021-22 Budget			2022-23 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	1,267	-	1,267	1,321	-	1,321	1,403	-	1,403
Conference	32	(25)	7	32	(25)	7	32	(25)	7
Food	211	(100)	111	215	(100)	115	223	(100)	123
Parking	1,552	(390)	1,162	1,636	(402)	1,234	1,515	(413)	1,102
<b>Total</b>	<b>3,062</b>	<b>(515)</b>	<b>2,547</b>	<b>3,204</b>	<b>(527)</b>	<b>2,677</b>	<b>3,173</b>	<b>(538)</b>	<b>2,635</b>

**University of Toronto Scarborough**  
**Service Ancillaries Operations Budget Summary**  
**Summary of 2018-19 Capital Budgets**  
(with comparative figures for 2017-18)  
(thousands of dollars)

	<u>2018-19 Budget</u>	<u>2017-18 Budget</u>
Residence	675	814
Conference	-	-
Food	245	203
Parking	<u>15</u>	<u>120</u>
<b>Total</b>	<b><u>935</u></b>	<b><u>1,137</u></b>

Schedule of 2018-19 Ancillary Rates

<b>STUDENT HOUSING AND RESIDENCE LIFE</b>				
<u>DESCRIPTION</u>	<u>2017-18</u>	<u>% Change</u>	<u>2018-19</u>	<u>Inc. / (Dec.) per Month</u>
<b><i>Fall/Winter Rates</i></b>				
Phase I - III single	\$ 8,312	3.0%	\$ 8,562	\$ 31.17
Phase I - Small Room (1 Room)			\$ 7,674	New
Phase IV single	\$ 9,343	3.0%	\$ 9,624	\$ 35.04
Phase I shared	\$ 6,155	3.0%	\$ 6,340	\$ 23.08
Phase I shared basement	\$ 5,540	3.0%	\$ 5,706	\$ 20.77
Phase IV Shared			\$ 7,173	New
<b><i>Summer Rates</i></b>				
Phase I-III (academic term May 8 - August 27)	\$ 3,938	3.0%	\$ 4,056	\$ 29.53
Visitor Weekly Rate	\$ 246	3.0%	\$ 253	
Ph IV-Foley Hall (academic term May 8 - August 27)	\$ 4,220	3.0%	\$ 4,346	\$ 31.65
Visitor Weekly Rate	\$ 264	3.0%	\$ 272	

Schedule of 2018-19 Ancillary Rates

<b>PARKING SERVICES</b>						
<u>DESCRIPTION</u>	<u>LOT</u>	<u>2017-18</u> Approved	<u>2018-19</u> Proposed	<u>% Change</u>	<u>\$ Change</u> per mo.	<u>NOTES</u>
<b>PERMITS:</b>						
<u>South Lots:</u>						
Annual, South Lot Employee Premium	C, D	\$ 1,187.47	\$1,223.09	3.0%	or... \$ 2.97 ...per month	
Annual, South Lot Employee Reserved		\$ 1,579.34	\$1,626.72	3.0%	or... \$ 3.95 ...per month	
Annual, Ring Road Employee	E	\$ 1,068.73	\$1,100.79	3.0%	or... \$ 2.67 ...per month	
Summer Term		\$ 237.51	\$244.63	3.0%	or... \$ 1.78 ...per month	
Residence, Fall/Winter Term	B	\$ 840.69	\$865.91	3.0%	or... \$ 3.15 ...per month	
Residence, Summer Term		\$ 210.18	\$216.49	3.0%	or... \$ 1.58 ...per month	
Evening Payroll, Employee Annual		\$ 548.10	\$564.55	3.0%	or... \$ 1.37 ...per month	
<u>North Lots:</u>						
Annual North Lot, Premium (Lot K)	K	\$ 1,187.47	\$1,223.09	3.0%	or... \$ 2.97 ...per month	
Annual North Lot, Payroll Employee	G, H	\$ 913.46	\$940.86	3.0%	or... \$ 2.28 ...per month	
Student, Fall/Winter	G, H	\$ 730.23	\$752.14	3.0%	or... \$ 2.74 ...per month	
<b>NEW</b> Proposed: Monthly Student North Lot Permit	G, H	\$ -	\$105.30			<b>B</b>
Fall or Winter Term	G, H	\$ 408.93	\$421.20	3.0%	or... \$ 3.07 ...per month	
Summer Term	G, H	\$ 183.23	\$188.72	3.0%	or... \$ 1.37 ...per month	
Centennial Permit (September to May)	J	\$ 832.36	\$873.97	5.0%	or... \$ 4.62 ...per month	<b>A</b>
Centennial Summer Permit	J	\$ 416.18	\$436.99	5.0%	or... \$ 6.94 ...per month	<b>A</b>
<b>CASH PARKING:</b>						
<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		\$ 1.75	\$ 1.75	-		
<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	\$ 8.50	\$ 8.50	-		
Flat Rate, Evening		\$ 5.00	\$ 5.00	-		
Flat Rate, Weekend		\$ 3.00	\$ 3.00	-		
<u>Daily Visitor Event Rate (various locations)</u>						
Event Parking Rate		Market Pricing				
<b>NOTES:</b>						
A. The annual percentage increase of 5% is part of the parking agreement between UofT Scarborough and Centennial College.						
B. New category of permit; monthly permits available to students for September through April.						