



TO: Members of the University Affairs Board

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AGENDA ITEM: 3

ITEM IDENTIFICATION:

2005-2006 Operating Plans for Service Ancillaries

JURISDICTIONAL INFORMATION:

Each year the Board approves operating plans for service ancillaries, which describe the services and programs to be offered, within the financial parameters set by the University's operating budget and financial policies set by the Business Board. The plans include each ancillary's annual operating budget, and describe changes to programs and levels of service, categories of users, accessibility, and compulsory or optional fees. (University Affairs Board Terms of Reference, 4.1.1.(ii)).

PREVIOUS ACTION TAKEN:

A variety of previous approvals, have been given to these plans as outlined on page 14 of the attached report.

Draft plans for each ancillary have been reviewed by the Financial Services Department, whose report has been considered by the Service Ancillaries Review Group (SARG) and accepted by the President and Vice-Presidents (PVP). Three members of the University Affairs Board are members of SARG.

HIGHLIGHTS:

In the fall of 2004 the ancillary heads met with the VPBA, to discuss issues effecting their ancillary operations and in February 2005 they met with the Service Ancillary Review Group (SARG). The key issues are summarized below:

1. Increase in enrollment continues put pressure on ancillary operations to meet increased demand for residence space, parking spaces and food services.
2. Minimal equity down payments for residence and parking structures and deficiencies in some of the new buildings have financially strained ancillaries, resulting in large increases in rates.
3. The double cohort has produced a younger first year student body within the residences, which requires more counseling and attention from ancillary staff.
4. With the academic year stretching out into mid May, ancillaries have found it difficult to maximize summer revenues. U of T students also face a disadvantage in attaining summer employment, since other University students have entered the summer work force by May 1st.
5. The Toronto tourism industry continues to slump due to the SARS crisis in 2003 and a high Canadian dollar, which adversely affects the summer conference business for many ancillary operations.

Collectively, the service ancillaries are projecting a cumulative surplus of \$10.1 million for 2005-06 (which includes investment in capital assets of \$9.8 million for St. George Parking), while contributing \$0.9 million to operating and restricted funds. All residence ancillary operations, other than Innis College residence, are projecting deficits for the year, as anticipated when new residences were approved for construction. All parking, conference and food service ancillaries are projecting operating surpluses for the year, except UTM conference. Commitments to capital renewal total \$8.8 million. The St. George Family Housing ancillary also has a trust fund, which is reserved for major capital improvements based on the purchase agreement with Ontario Housing Corporation (OHC).

Highlights of the service ancillaries' management reports are summarized in the Executive Summary pages 1 to 12.

The management reports for all ancillaries, detailed budgets and plans are available from any one of the following offices: Governing Council, Vice-President, Business Affairs and Vice-Provost, Students.

FINANCIAL AND/OR PLANNING IMPLICATIONS:

The degree to which each ancillary anticipates achieving the objectives of the long range budget guidelines are summarized on page 16.

RECOMMENDATION:

It is recommended that the University Affairs Board approve the 2005-06 operating plans and budgets for the Service Ancillaries, as summarized in Schedule II; the service ancillary capital budgets as summarized in Schedule V; and the rates and fees in Schedule VI.