

## **A. Overview of Mission, Programmes, And Services**

Hart House is the social, cultural, recreational athletics and informal education centre for the University of Toronto. The more than 50,000 students now enrolled at the University are all members of Hart House as well as the almost 3,000 faculty, staff and alumni who join as senior members. Hart House continues to strive to fulfill its mission to be a welcoming and inclusive home on campus for all its members, providing excellent programmes and services while balancing the budget and preserving the building.

2003/04 is the second year of our second 5 Year Plan (attached) which was developed in a broadly consultative process with members and staff. It builds on the solid foundation of the House's current activities, stretching and pushing the House in new ways with creative activities flowing from five guiding principles. For the previous five years, the annual operating plans have been based on the multi-year strategic plan and this practice will continue with the new plan.

## **B. Prior Year's Operating Plan And Experience**

The 2002/03 budgeted loss was \$563,000 before commitments and transfers but the forecast for 2002/03 indicates a loss of \$914,000. Several factors affected this outcome. Deferred and major maintenance expenditures were over budget by \$324,000 and regular maintenance expenditures were up by \$179,000. During the summer of 2002, we undertook renovations of the locker room facilities. Unanticipated mold, asbestos and lead paint caused the project to exceed budget by more than \$300,000.

Hart House assumed the management of Hart House Theatre on May 1, 2001. It has been a successful startup and the Theatre is forecast to break even again this year. The performance of the Arbor Room is improving and is expected to break even this year. Several measures to improve its performance have been undertaken. During the summer of 2002, a consultant was retained to advice on menus, inventory and food cost control and staffing. Close monitoring of the performance of the Arbor Room continues.

## **C. Operating Plan for 2003/04**

The 2003/04 budget has been reviewed and recommended by the Finance Committee and approved by the Board of Stewards. It represents a prudent and conservative approach to maintaining existing levels of programmes and preserving the building while providing excellent stewardship for Hart House's finances. Issues raised by previously by SARG about the construction of the elevator have been addressed.

The 2003/04 budget shows an annual operating deficit of \$261,000. The deficit proposed for 2003/04 due to significant priorities for deferred and major maintenance and the increases in staffing costs beyond the general inflationary increase. Each budget line has been carefully reviewed. Recent challenges including the integration of Hart House Theatre and the long term plan for deferred and major maintenance have been taken into account.

Recognizing that fees need to be kept at rates which take into account inflation, the demands of increased enrollment and the timely preservation of the building, realistic assumptions about revenue from student and senior member fees have been made which we think will be acceptable to these constituencies (see schedules 4, 4.1, 5, 5.1). Last year, two approaches to fees were considered: one which had a large increase in one year followed by smaller increases in the two subsequent years with the pattern repeating over ten years; and another which raised fees at a smooth consistent rate over several years. The smooth approach was favoured over the choppy one based on feedback from student and senior members, consideration of the limitations on student fee increases due to the COSS (Council on Student Services) Memorandum of Agreement (attached – see sections 3 and 4) and consideration of the limitations on senior member fee increases in order to remain competitive within the market. This year, we are consistent to fee structure put forth in budget for 2002/03.

The updated engineering survey and new architectural survey of the deferred and major maintenance needs of the House provide us with a 15-year plan (2000-2015) for the continuous preservation and improvement of the building. The surveys are the basis on which the deferred and major maintenance expenditures are projected. In the next 5 years, the plan requires significant expenditures on major items which cause a dip in cash and the reserve funds although the operating results are positive. In subsequent years, as shown in the ten year forecast, the requirements for expenditures diminish to more manageable levels, making it possible to continue to have balanced budgets and to replenish the reserve funds in that period. In order to take into account the needs of the building, balancing the disruption of repairs with ongoing programming, having a realistic work plan for repairs and smoothing expenses, the projects have been categorized into “A”, “B” and “C” lists (Schedule 6). The “A” and “B” lists were used in the 2003-04 operating plan. The plan to construct a new farm house which was started in 2002/03 will be completed in 2003/04. It will be finance by a loan.

The Accessibility Project to install an elevator to reach all 5 floors of Hart House will be completed in 2003/04. Phase I, construction of a corridor on the Arbor Room level to link the east side of the building with the athletics facility on the west side was successfully finished in October 2001 and is now in use. Detailed drawings for phase 2, the construction of accessible washrooms on the second and third floors, and phase 3, the installation of the elevator, are being completed now in preparation for tendering when funding is in place. Funding has been received from the Cultural Spaces Canada programme and under the terms of the grant, construction must be completed in 2003/04. Hart House will be funding \$500,000 of the project through an external loan.

The integration of Hart House Theatre into Hart House is going very well. Student productions in various media fill the calendar and the integration of human, financial and physical resources is resulting in efficiencies and enhancements to all the programmes of the House. The development campaign to build an endowment is well begun.

#### **D. Categories of Users, Accessibility**

The Hart House Constitution states:

Hart House is an association of members. There are two kinds of members of the House – the U of T Student Members, and Senior Members. The Senior Member is a person who elects to join Hart House. The U of T Student – whether full or part-time, graduate or undergraduate – is a Hart House member automatically.

Hart House continues to widen participation in its services and programmes by encouraging activities and events that are attractive to the diverse student and senior member population. Hart House is a centre of campus life, with approximately 6400 people using the House each day. More than cultural 1000 events are organized annually by the 32 Hart House clubs and committees. In addition, many major campus events are held in the House. We continue to seek ways to include students from the east and west campuses in the House, including providing special events and facilitating participation in activities which are unique to Hart House such as Hart House Theatre, the Farm and the art programme. As well, we rent space in our facility for events sponsored by the wider community and a number of Hart House events welcome the general public.

The House is open 365 days per year from early in the morning until midnight or late evening. In terms of physical accessibility, the House is accessible on the first floor. The Access Project has been discussed in section C above. Future plans for deferred and major maintenance and projects such as the renovation of the locker rooms will be designed to continue to improve the accessibility of the House.

#### **E. Current Long Range Financial Plan**

The long-range planning assumptions are set out at the bottom of Schedule 1 and are in accordance with enrollment, investment yield, and inflation factors recommended by the University of Toronto's Financial Services Department. Based on student and senior member feedback, we think that the proposed fee increases are realistic and will be acceptable to both student and senior members.

The five-year financial plan and ten-year forecast indicates a series of operating deficits due to the increased staffing costs as a result of contracts negotiated with USWA and CUPE in 2002 which have cost of living increases and grid increases which exceed the budgetary inflationary increase. In addition, Hart House still has significant expenditures for deferred & major maintenance in the next 3 years. Deferred and major maintenance expenditures are planned for the next 15 years and reviewed frequently with the Finance Committee of the House to minimize volatility in expenditures due to unforeseen events while enabling the programming in the House to continue. The long-range budget adds an increasing annual operating contingency expense for deferred and major maintenance projects.

As a result of operating losses before commitments and transfers and increased deferred and major maintenance expenditures, the existing cash surplus begins to erode by the end of 2002/03. During fiscal year 2003/04, Hart House will be undertaking a review of its revenue and expenses to identify improvements that can be made.

Hart House  
University Affairs Board  
Service Ancillary Operating Plan  
2003-04

**F. Capital Plan for 2002-03.**

The capital budget is set at \$2,000,000. It includes \$300,000 for the acquisition of capital equipment, \$250,000 for building improvements to the fabric of the House over and above the deferred and major maintenance expenditures and \$250,000 for the construction of the new farm house. Construction of the elevator will begin this spring and \$1,200,000 is budgeted for 2003/04.