UNIVERSITY OF
TORONTO

Service Ancillaries Report on Operating Plans
2008-2009

TABLE OF CONTENTS

The services provided by residences, conference services, food and beverage services, parking and Hart House are important contributors to the student experience and to the experience of faculty and staff at the University. The growth in student enrolments has posed a challenge for the provision of services by these operations. This report will highlight the issues that are common to each type of ancillary, provide a brief summary of the budget for each ancillary operation, and, at the end of the report, summarize the issues by campus to provide a picture of the similarities and differences between the three campuses.

BACKGROUND

The University Affairs Board approves operating plans for all service ancillaries on an annual basis. This report 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 include each ancillary's annual operating budget, capital budget as well as changes to programs and levels of service, categories of users, accessibility, and compulsory or optional fees.

The service ancillaries' annual budgets for 2008-09 and long-range plans for 2009-10 to 2012-13 were reviewed by a number of student and local committees and councils. The committees and councils have student representatives who are an integral part of the consultation process (see page 32).

Following this consultation process, the Financial Services Department (FSD) reviewed the management reports submitted by each ancillary. FSD analyzed the reports for completeness, adherence to fiscal policies and financial feasibility. The department also assessed the progress made by measuring their performance to the four financial objectives established for ancillaries. These are:

1. To operate without subsidy from the operating budget. Should the need for 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 ten 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*. The rate of contribution will be established by each individual campus for each individual ancillary. (*For purposes of clarification, objective four relates to all contributions of net revenues made by the ancillary operation to any operating budget outside of their own operations.)

Issues requiring further action were identified by FSD and addressed by the ancillaries. Finally, the budgets were reviewed by the Service Ancillaries Review Group (SARG), which included three members of the University Affairs Board.

The SARG provides advice and formulates recommendations on the operating plans for all service ancillaries. The SARG process contributes to the success of the ancillary operations by providing direction and guidance on short and long-range planning. The process serves as a review and monitoring group, provides recommendations on plans, and budgets for approval. It also considers other matters that fall within its purview.

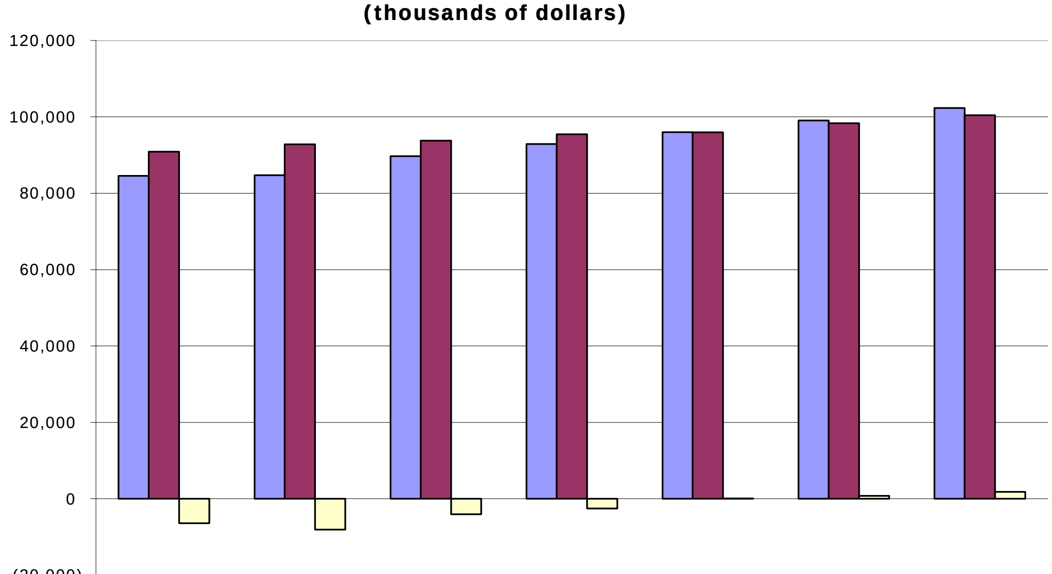
This report includes financial highlights, a summary of key issues with the 2008-09 budgets and long-range plans pertaining to ancillaries for each ancillary budget and summary financial information. The report will also include each ancillary's objectives in achieving the four financial objectives. Copies of the detailed submissions may be obtained from any of the following offices: Governing Council, Vice-President Business Affairs and Vice-Provost, Students.

Financial Highlights

Summary

Ancillary services are forecasting a net loss of $6.4 million before transfers and subsidies at April 30, 2008 on projected revenues of $84.5 million. For the 2008-09 (2009) budget, the ancillary services are forecasting a net loss of $4.1 million with $89.7 million of revenues and $93.8 million of expenses. The 2009 budget presents an increase of 6.2% in revenues, 3.1% in expenses and 36.6% improvement in the net loss position over last year's forecasted results.

Ancillary Operations - Services Ancillaries
Revenues and Expenses
Budget from 2009 - 2013
(thousands of dollars)



	2008 Forecast	2008 Budget	2009	2010	2011	2012	2013
Revenue	84,515	84,730	89,713	92,883	95,993	99,071	102,305
Expenses	90,904	92,800	93,766	95,409	95,954	98,309	100,448
Net income (loss)	(6,389)	(8,070)	(4,053)	(2,526)	39	762	1,857

The long-range plan projects revenue to grow by $12.6 million or 14% from 2009 to 2013. This is mainly due to revenue increases from residence operations. This plan is anticipating to break even in 2011 and to generate a net income of $1.9 million in 2013. This positive outlook is mostly due to the anticipated net income of $1.4 million from residence and conference operations and $1.2 million from parking facilities. However, this projected net income will be offset by an anticipated net loss of $1.2 million from Hart House.

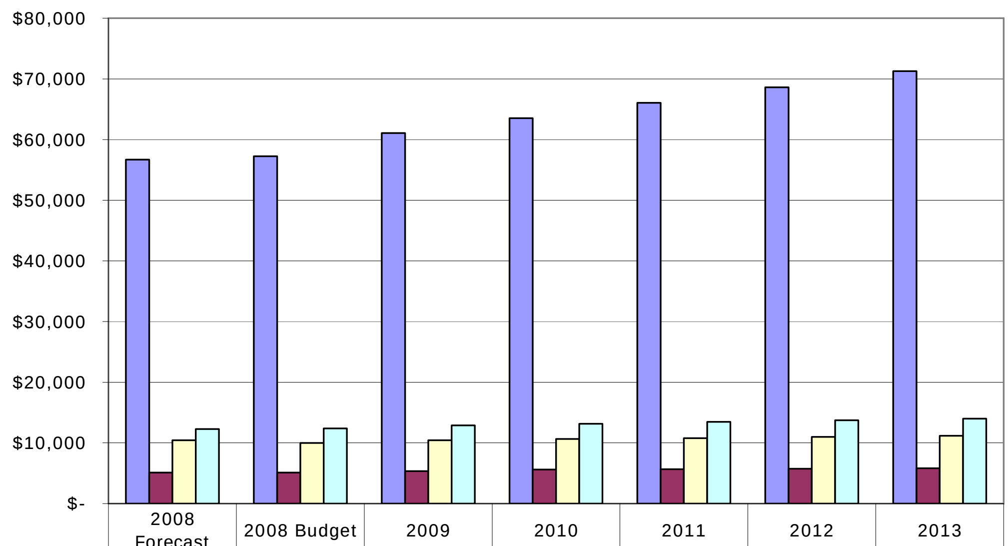
Revenue

The 2009 budget anticipates a $4.4 million increase in revenues from residence and conference services mainly as a result of:

- $1.5 million from 89 Chestnut with the anticipation that revenue from summer conferences will exceed 2007-08 revenues by 29%, room rate increases and substantial supplementary revenues from parking.
- $1.0 million from New College residence due to a 20% rate increase.
- $1.1 million from UTM residences from an increase in its bed capacity to support the campus' enrolment growth.

The long-range plan projects revenues to increase by $10.2 million from residence and conference services and $1.2 million from Hart House from 2009 to 2013. Of the $10.2 million increase in revenues from residence and conference services, $3.2 million will come from 89 Chestnut, $1.9 million from UTM and $1.1 million from New College. The Food & Beverage and parking operations are anticipating only slight increases in revenues to 2013.

Ancillary Operations - Service Ancillaries
Revenues by Category
Budget from 2009-2013
(thousands of dollars)



	2008 Forecast	2008 Budget	2009	2010	2011	2012	2013
Residences & Conferences	56,706	57,247	61,058	63,510	66,056	68,619	71,301
Food & Beverage	5,118	5,115	5,367	5,586	5,663	5,742	5,821
Parking	10,419	9,991	10,426	10,626	10,795	10,979	11,173
Hart House	12,272	12,376	12,861	13,161	13,479	13,731	14,010

Net Income (Loss)

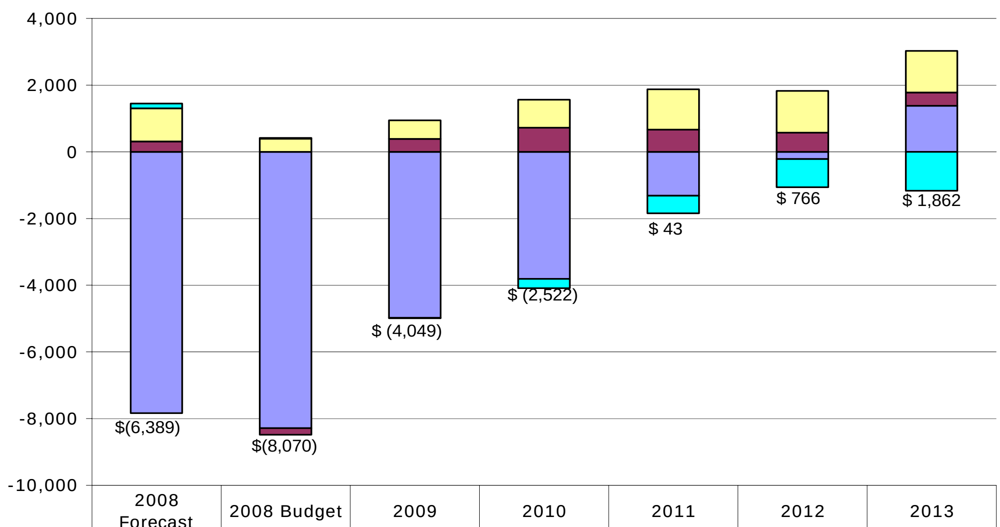
A net loss of $4.1 million is budgeted for 2009. This net loss is mostly from residence and conference operations and is partially offset by the anticipated net income from parking and food and beverage services.

The long-range plan is anticipating an improvement in the net loss position from a $4.1 million loss in 2009 to a net income of $1.9 million in 2013 mainly from a $6.4 million improvement in the financial position of the residence and conference operations. Parking and food and beverage operations are forecasting a total net income of $5 million and $3 million respectively for the five years operation from 2009 to 2013.

Hart House is anticipating a $1.2 million net loss in 2013 and a total net loss of $2.8 million from 2009 to 2013. It believes the proposed fee increases are realistic and will be acceptable to both student and senior members. However, the anticipated operating deficits reflect challenges such as:

- Rate of increase for salaries and benefits and utility costs which is much greater than the stated inflation factor upon which fees are based
- Facilities are operating close to capacity
- High deferred and major maintenance costs

Ancillary Operations - Service Ancillaries
Net Income (Loss) before Transfers and Subsidies
Budget from 2009-2013
(thousands of dollars)



	2008 Forecast	2008 Budget	2009	2010	2011	2012	2013
Hart House	142	20	(14)	(272)	(527)	(850)	(1,166)
Parking	994	394	554	840	1,211	1,249	1,242
Food & Beverage Serv.	313	(195)	387	723	668	578	401
Residences & Conferences	(7,838)	(8,289)	(4,980)	(3,816)	(1,313)	(215)	1,380

Total	(6,389)	(8,070)	(4.053)	(2,526)	39	762	1,857

The long-range plan anticipates a significant improvement in the annual net income (loss) for all ancillary services except for Hart House. However, the budgeted total net losses for the next five years from the three ancillaries are significant.

- $7 million from New College
- $6 million from 89 Chestnut
- $4 million from Woodsworth

These total net losses are expecting to be offset by total net incomes from UTM, UTSC, Innis College, University College, Graduate House and Family Housing Residence. The impact on net assets will be reduced by the approved subsidies from the Academic Priorities Fund and the office of the Vice-President, Business Affairs.

Ancillary Operations - Service Ancillaries
Net Income (Loss) before Transfers and Subsidies
Budget from 2009-2013
(thousands of dollars)

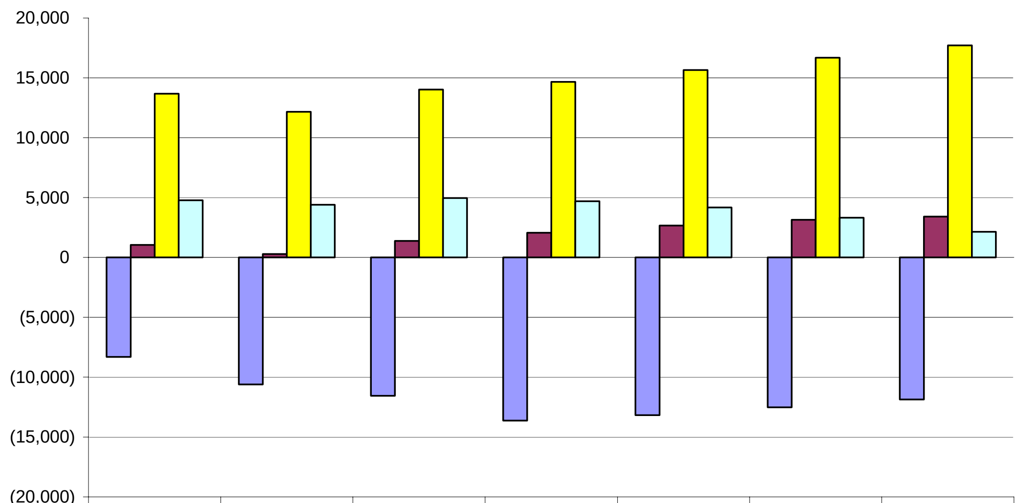
	2009	2013	Increase/(decrease) from 2009 to 2013	Total net income(loss) for five years
Residences & Conferences				
UTM *	(885)	930	1,814	514
UTSC *	(46)	691	737	1,370
Innis College	89	201	111	659
New College	(1,633)	(1,285)	348	(7,148)
University College	2	295	293	776
Graduate House	124	850	726	2,270
Family Housing Residence	194	614	420	2,214
89 Chestnut Street	(1,985)	(221)	1,764	(5,746)
Woodsworth College	(840)	(694)	145	(3,852)
	(4,980)	1,380	6,360	(8,944)
Food & Beverage Services	387	401	14	2,756
Parking	554	1,242	688	5,095
Hart House	(14)	(1,166)	(1,152)	(2,828)
Total	(4,053)	1,857	5,910	(3,921)

* UTM and UTSC manage conferences in a separate ancillary while others combined conference businesses as part of the residence ancillary. UTM conferences operation is projecting a net income of $48K for 2009 and a total net income of $220K for five years. UTSC conferences operation is projecting a net income of $72K for 2009 and a total net income of $318K for five years.

Net Assets

For 2009, the service ancillaries are projecting total net assets of $8.8 million. The St. George Family Housing ancillary also has a trust fund in the amount of $600,000, which is reserved for major capital improvements based on the purchase agreement with Ontario Housing Corporation (OHC). The 2008-09 operating plans include a contribution of $0.4 million to the operationg fund.

Ancillary Operations - Service Ancillaries
Net Assets (Deficit) by Category
Budget from 2009 - 2013
(thousands of dollars)



	2008 Forecast	2008 Budget	2009	2010	2011	2012	2013
Residences & Conferences	(8,312)	(10,594)	(11,552)	(13,630)	(13,182)	(12,511)	(11,868)
Food & Beverage Serv.	1,053	283	1,390	2,063	2,656	3,134	3,410
Parking	13,663	12,163	14,020	14,657	15,659	16,692	17,712
Hart House	4,762	4,404	4,963	4,691	4,165	3,316	2,150

Total	11,166	6,256	8,821	7,781	9,298	10,631	11,404

Ancillary Debt

For 2008, the service ancillaries are projecting total debt of $276.2 million. The estimated principal and interest repayment on this borrowing projected to be $24.5 million that represents 29% of revenue. The estimated interest costs on borrowing will be $18.3 million or 21.6% of revenue and 20% of expenses. This represents the largest single reason why certain ancillaries are not breaking even. Majority of this borrowing is allocated to the residence ancillaries and therefore subsidies were provided from the University’s operating budget and from existing operations with plan that they return to break even within a number of years.

Summary of Key Issues

Enrolment growth continues to put pressure on service ancillaries to meet the increased demand for services and for an improved student life experience. Food services had a busy year where many renovation and construction projects took place on all three campuses. Enrolment growth and the First Year Guarantee program created a higher demand for residence spaces than supply at the Scarborough campus. Many residence ancillaries have indicated that demand from upper year students to return to residence exists, but occupancy is limited due to the First Year Guarantee. All residences operated at their optimal occupancy rate for the fall and winter session. However, summer occupancy was very competitive and it is recommended that all residence ancillaries must find creative ways to maximize their revenue or reduce costs for the summer.

The building expansion to increase residence spaces has put a strain on the financial viability of most residence operations. Minimal equity down payments for new residence buildings resulted in major borrowings and in turn large annual mortgage financing costs. The impact of these large borrowings has materialized within the projected long-range budget plan to 2013. Residence ancillary operations with new buildings supported by partial down payments, donations or operating fund subsidies are more financially sound. Deficiencies in some of the newly constructed buildings and increasing repairs and maintenance costs for older buildings have led to increased operating costs for these residence operations.

Although subsidies received by three residences from the academic priorities and the office of the Vice- President, Business Affairs provide some relief of financial pressure from the large borrowing, residences must continue to seek opportunities to maximize their revenues and to be cost effective in order to break even. In order to address the issue, New College conducted an extensive operational review to develop various alternatives that would lead to improved financial heath. No conclusions have been reached at this time. Woodsworth College is also continuing to examine various alternatives to improve its long-term financial position. On the other hand, 89 Chestnut is continuing its efforts to develop a marketing niche that will take advantage of its hostelling facilities in an effort to increase net income from its conference and parking facilities.

The food service operation at UTM recently increased its seating capacity as a result of the Oscar Peterson Hall. However this still remains 15,000 square feet short in capacity compared to COU benchmark averages. With the proposed expansion of the Tim Hortons, food space at UTSC still remains 16,060 square feet below the COU benchmark averages. Food & Beverage Services at St. George campus faces on-campus competition from Hart House, Graduate Student Union, the Faculty Club and food trucks along St. George Street. Additional competitors include fast food restaurants and franchise operations in close proximity to the campus, as well as off-campus catering companies. Despite these challenges, St. George Campus Food & Services has won an award for being Canada's most vegetarian-friendly university.

Hart House is also being financially challenged. There continues to be a gap between the annual fee increases and the expected inflationary increases of expenditures over time, particularly for salaries and the cost of utilities. A strategic review is being undertaken to address the long-range budget issues.

Residences

The residence expansion has presented the University with a financial challenge, in that the costs of building new residences have risen faster than residence rates. Currently, the approved subsidy from the Academic Priorities Fund (APF) in support of residence expansion is $1.55 million per annum for the first eight years of operations, of which $1.2 million is allocated to Woodsworth College and $0.35 million to New College. The office of the Vice President, Business Affairs has committed a subsidy of $0.9 million to the 89 Chestnut residence.

The residence expansion has necessitated temporary changes to the ancillary principles mentioned earlier. In the case of the first objective, a subsidy will be provided for a maximum of eight years through the APF from the University's operating budget to a college's residence ancillary budget to cover a portion of the borrowing cost. The combined ancillary operation will be required to break even annually in year five and cumulatively in year eight. The subsidy amount will be calculated to achieve those break-even targets. Should special circumstances warrant, the University may continue to assist a college with principal and interest payments after eight years.

In the case of the second objective, the normal capital renewal provision for new residence buildings will be deferred until the sixth year of operation.

The third objective will remain unaltered, i.e., the residence ancillary will continue to be responsible for funding operating and maintenance contingencies in the residences.

The first three objectives must be met before the fourth can be invoked, i.e., transfers from the residence and conference ancillaries to the divisional operating budget can only occur when the residence and conference ancillaries combined meet the first three objectives. During the current residence expansion program, the first three objectives will only be met after

1. the annual subsidy provision has ended;
2. the annual 1.5% provision for capital renewal is being set aside; and
3. operating contingencies have been provided for by means of net surpluses.

In the intervening period, it is expected that the residence and conference ancillaries will remain within their ancillary budgets and use the funds normally transferred to their college operating budget. The ancillaries will use these funds to support the expansion program. This expectation has been factored into the financial plans. The colleges have submitted their financial plan for their residence expansion program and have included the calculation of the maximum subsidy available to each division from the APF.

During the residence expansion program, colleges are expected to continue to strive to maximize their cash flows through revenue and expense management. Each year, during which a central subsidy flows to a college, the actual amounts generated by the residence and conference ancillaries combined will be compared to the amounts required in the subsidy model. Colleges will be allowed to transfer any excess in amount to their operating budgets as required by the subsidy model to generate annual break-even of the ancillary in year five and cumulative break-even in year eight.

The ancillary objectives have been modified for UTSC, UTM, New College, 89 Chestnut, Woodsworth College, Graduate House and University College residences to allow for deficits, with annual break-even in year five and cumulative break-even in year eight, with deferral of the capital renewal provision on new construction to year six.

Mississauga

The construction of Oscar Peterson Hall (a three-wing complex, which includes a 423 bed dormitory residence, dining hall and administrative offices) was completed in September 2007. The ancillary is forecasting an operating deficit of $977,385 in 2008, which is $346,723 better than budget. The favourable variance is mainly due to the extra three months of loan principal and interest expenses that were budgeted but not incurred. This favourable variance was partially offset by a decrease in revenues.

With the additional financial debt for the construction of Oscar Peterson Hall, this ancillary is projecting that the operation will have a positive operating result in 2011 (year four of operation) and a positive total fund balance by approximately 2017 (year ten of operation). This long-range budget is inconsistent with the financial plans presented at Business Board for Oscar Peterson Hall residence expansions. It was expected at that time that the combined residence operation would break even by year five and cumulatively by year eight. Mississauga residence is forecasting net assets to be in a deficit of $4.7 million in 2008 and in a deficit of $4.4 million by 2013. It projects that net assets will be positive in 2017.

Undergraduate room rates are forecasted to increase by 8.0% in 2008-09. Family and Graduate housing room rates will increase by 4.0%. All residence room rates will increase by 5.0% each year starting in 2010.

Scarborough

The residence ancillary is forecasting an operating deficit of $124,999 for 2008, which is $181,456 better than budget. The favourable results over budget is achieved through a very tight occupancy rate and as a result of cost efficient strategy. Net assets of $683,266 are forecasted at April 30, 2009 and increase to $1.9 million by 2013.

All fall/winter residence rates will increase by 5.0% over last year in 2008-09 and continue at that rate until 2013. The summer residence rates will increase by 15%. The budget assumes a fall/winter occupancy rate of 98% and 85% of available inventory to residence services for the summer. Although UTSC has a waitlist for residence space, a 98% occupancy is experienced because of turnover that results from early academic withdrawals. This is due to the trimester academic system and other compassionate withdrawals.

New College

An operating deficit of $2.3 million before transfers and commitments has been forecasted for 2008. This is $397,925 more than previously budgeted. The unfavourable variance is due to the renovation of elevators in the two older buildings and a larger than usual withdrawal rate at the end of the fall semester.

The New College residence is projecting operating deficits in each year of the plan, which will be partially offset by an annual operating subsidy from the APF in the amount of $351,948 for the first eight years of operation of the new residence building which opened in September 2003. This long-range plan does not show how a break-even financial operation result will be achieved. Debt financing for the New College Building and increasing maintenance costs for the two older residences are the main challenges faced by the operation resulting in a poor financial outlook. Net assets are forecasted to be in deficit of $7.5 million for 2009 and in deficit of $11.8 million by 2013.

The ancillary will increase the fall/winter residence rates by 20% in 2008-09. However, when the room rate is combined with the mandatory meal plan fee, the increase is approximately 13.1%. It is obvious that the increase in rate alone will not help the financial outlook and an operational review has been completed.

This operational review found that the business model for 45 Willcocks was flawed in:

- overly optimistic assumptions about increased revenue from the summer hostelling/conference business
- over estimated the amount of subsidies generated from the other two older buildings
- underestimated cost increases during the eight-year planning period.

This review suggested several recommendations but no conclusion has yet been reached by the College at this time.

Innis College

The ancillary is anticipating an operating surplus of $215,126 in 2008, which is $213,095 better than budget. Two factors that contribute to the surplus are higher investment income and lower direct expenses. Good building design and annual preventative maintenance reduced expenditures on major maintenance and capital replacement. This ancillary is forecasting annual operating surpluses in the next five years. The forecasted net assets for 2009 is $2.5 million, and is projected to increase to $2.6 million by 2013. Capital renewal reserve is forecasted to be $1.1 million by the end of 2009 and remaining at that level throughout the long-range plan.

Given the adequacy of the residence's capital and operating reserves together with anticipated positive future financial operating results, $125,000 will be transferred to the College in support of its academic mission.

The fall/winter room rates are budgeted to increase by 5.00% with 98% occupancy rate. Summer room rates will remain unchanged, a reflection of the competitive summer market. The budgeted occupancy for summer is expected to drop to 72% from 80% due to the shorter summer rental period in calendar 2008.

University College

The University College residence is forecasting an operating deficit of $73,794 before commitments, which is $27,867 less than previously budgeted for 2008. This is due to an unfortunate event that resulted in the rekeying of three residence buildings at a cost of $140,000. University College has maintained a healthy financial position that enables them to absorb losses from unforeseeable event such as this. This ancillary is forecasting a small operating surplus next year as well as increasing surpluses for the next four years. University College is expecting net assets of $3.5 million by end of 2009 and $4.6 million for 2013. Capital renewal reserve is budgeted at $1.9 million for 2009 and will maintain at the same level throughout this plan.

Given the overall favourable financial performance of the operation over the last several years, a 4.5% rate increase is planned for 2008-09. This increase allows for inflation, capital improvements and an adequate rebuilding of reserves and fund surplus.

Students of the residences have been great contributors to the capital improvements of the buildings and this stewardship on their part has enabled University College to hold rate increases at reasonable levels.

Graduate House

The ancillary is forecasting an operating deficit before commitments of $830,873 for 2008, which is $655,709 worse than previously budgeted. This is due to maintenance expenses incurred from construction deficiency that were not included in the original budget. In addition, Graduate House also faces higher than expected costs for equipment repair and maintenance, along with supplies and garbage/recycling. This unexpected expense will only marginally be offset by savings in salaries, finance charges, depreciation charges and most particularly, utility charges.

Graduate House is budgeting an operating surplus of $123,744 for 2009. Net assets are anticipated to increase from $1.3 million to $3.2 million in 2013. The ancillary will make a $46,350 contribution to the School of Graduate Studies supporting the operating costs of the Grad Room on the St. George Campus.

Room rates will increase by approximately 6.0% with 98.5% occupancy rate in 2008. There will be no increase for summer 2008. By 2013, Graduate House will no longer have an unrestricted deficit having increased its net assets to $3.2 million and will be in a position to contribute more than $750,000 per annum to its capital renewal reserve.

St. George Family Housing

Family Housing is anticipating an operating deficit of $7,572 in 2008, which is $450,803 better than previously budgeted. The favourable result is due to savings on labour costs, utilities and major maintenance. The overall cost savings compensated for the loss of revenues. Revenues are lower than budget due to the construction noise arising from a nearby condominium project and generally a high vacancy rate in rental housing in the city of Toronto. This ancillary is forecasting annual operating surpluses in the next five years. The budgeted net assets for 2009 are $3.6 million and projected to be at $3.3 million by 2013.

More than 600 apartments have been extensively renovated and there is continued effort to improve communications with student families. Another project that is currently underway is the upgrade of security for the parking garage and lobbies.

The 2009 budget assumes a rent increase of 2.0% and the long-range plans assume rent increases of 2.5% per year over the next few years. Although Charles Street is exempt from the rent increase provisions in the Residential Tenancies Act, the Ontario Rent Increase Guide was used to determine a suitable increase that would allow for capital improvements and major maintenance.

89 Chestnut

89 Chestnut is now in its fifth year of operations. For 2008, the ancillary is forecasting a deficit of $3.2 million before transfers and subsidy. This is $218,014 better than previously budgeted mainly as a result of a favourable revenue variance of $284,081 from conferences, commissions and other income.

The outlook of summer conferences and group business are expected to be healthy for 2009 and revenues are projected to exceed 2008 by 29%. There has been a lot of work done to be “energy efficient” and the ancillary is expecting to see savings from utilities. The contract agreement with the main UniteHERE union employee group is in place until Jan 2010.

Residence rates will increase by 5% for 2009. The long-range budget assumes 5% rate increase for accommodation, 4% increase for food services and 3% increase for parking fees. The major maintenance budget includes costs to improve student rooms, support energy conservation initiatives and to ensure the facilities meet Public Health standard.

Woodsworth College

The Woodsworth College residence opened its doors in May 2004. Since the residence is new and has no existing ancillary operations to draw from, an annual subsidy of $1.2 million from the APF is being made for the first eight years of operation. For 2008 (the ancillary’s fourth year of operation), the operation is forecasting an annual deficit of $776,981 before subsidy, which is $90,382 better than budget. This favourable variance is due to a better occupancy rate for the summer months and no overhead costs charged by the College.

The 2009 budget is projecting an operating deficit of $839,675 before subsidy. With the assistance of the subsidy, the residence will build up its reserves to support the operation and carry the remainder of the mortgage payments after the subsidy ends in 2012. However, given the anticipated rate of increase in revenues and expenses, the residence’s annual operation is not expected to break even for many years after the subsidy ends. The forecasted operating reserve will not be sufficient to cover the mortgage payments without deficits. Management continues to work on resolving this issue.

The 2008-09 Fall/Winter room rates are budgeted to increase by 5.0% with 98% occupancy rate.

Conference Services

Most of the residences run conference operations. However, only Mississauga and Scarborough manage their conference operations as ancillaries separate from their residence operations. Both Scarborough and Mississauga's 2009 budget meet the first three objectives.

Mississauga

The ancillary is expecting an operating surplus of $174,042 in 2008, which is $118,868 better than previously budgeted or 104% increase over last year. However, it is not expected to have this kind of increase in surplus repeating in the long-range plan. It is becoming increasingly difficult to meet the financial objectives due to the shortage of meeting and conference space on campus. The ancillary is projecting a decrease in revenue and a decrease of $126,539 in operating surplus in 2009. There are no capital expenditures planned for this operation over the next five years. There is no capital renewal reserve set aside as it has no significant capital resources. Net assets are forecasted to grow from $307,155 in 2009 to $479,673 by 2013.

Scarborough

The forecasted operating surplus for 2008 is $69,496 before commitments, which is $26,474 less than previously budgeted. Scarborough faces the same challenge as Mississauga with a shortage of meeting and conference space. These campus facilities are highly utilized for academic purposes. The Ancillary has demonstrated success in expanding its business and market by developing new programs such as the Green Path program. This program (a 14-week summer ESL program to recent high school graduates from China) provides the ancillary with opportunity to increase its summer accommodation business. The operation is projecting a surplus for the next five years. Net assets are forecasted to grow from $518,799 in 2009 to $764,677 by 2013.

Food and Beverage Services

For the 2008-09 budget year, UTM, UTSC, St. George, and University College food service ancillary budgets meet the first three objectives, with New College meeting only the first two objectives.

Mississauga

An operating surplus before commitments of $138,491 is forecasted for 2008 and is $219,137 better than previously budgeted. Revenues for 2008 have exceeded budget by $497,335 reflecting additional revenues from three new food and beverage locations and higher than expected revenues from cash and catering sales.

Although there has been additional food service space, the ancillary needs even more to catch up to the recent student growth. There are immediate expansion plans to add a new food court which will allow for the closure of the poorly located Spigel Hall cafeteria.

The budget for 2009 projects an operating surplus of $78,392 before commitments and transfers. This ancillary has incurred losses in the past years due to costs incurred in making improvements and developing new sales outlets. The revenues from these outlets are now beginning to generate surpluses needed to pay back the accumulated deficit. Net assets are projected to be at $453,737 in 2013 compared to a negative net assets balance of $414,477 in 2008.

Scarborough

Based on experience, franchise operations continue to be an essential component of retail food services on this campus. While the contract food service providers have made efforts to promote and enhance in-house brands in the Marketplace, the largest source of success are the major franchise brands. Relying primarily on cash outlets for revenues, food and beverage services find it challenging in the short term to increase volumes to a level that can meet all of its obligations and create an ability to finance substantial projects that may be associated with a new residence facility.

The ancillary is forecasting an operating surplus of $11,885 for 2008 which is $11,585 better than budget. This favourable result is due to one time only adjustments for overpayments of the garbage & recycling service agreement in prior years. Net assets are projected to be $223,787 at the end of 2008.

Operating plans for the next five years are dependent on the performance of Aramark Campus Services, the current food contractor, and the results of a Request for Proposal process that will begin in late 2008 and conclude with a new contract in August 2009. The ancillary is budgeting a small operating surplus of $195 with net assets of $223,983 at the end of the fiscal year 2009. Net assets are expected to grow with the anticipation of a small operating surplus for each of the plan years.

The ancillary is projected to make annual contributions to the new construction reserve, with an estimated balance of $114,779 by the end of the planning period. The next major food facilities project to relocate and expand the Tim Hortons is scheduled for a September 2008 opening. The estimated total project cost is $748,000, $648,000 of which will be funded by the UTSC operating budget with the remainder funded by the operation. The new location will provide food services with an additional 65 seating capacity. Despite this increase, food services space falls short by 16,060 square feet of the COU benchmark average.

St. George

Revenue is forecasted at $1.8 million below budget; this is mainly due to the delay in expanding the Medical Science Building (MSB) Tim Hortons operation. The ancillary is projecting $11.4 million in revenue for 2009 which is $1 million or 10% higher than last year. A $205,166 positive variance is forecasted due to cost savings and the deferral of the MSB project.

The ancillary is projecting a sales growth as the benefits of various renovations that were put in place in 2008. An operating surplus of $129,913 before commitments is budgeted for 2009. Net assets are forecasted to be at $942,799 in 2009, of which $650,000 will be set aside for capital renewal and $140,000 for operating reserves.

The long-range plan assumes inflationary increases for sales and expenses. Given the burst of renovation activities over the past two years, no significant expenditures (other than the Tim Hortons expansion at MSB) are forecasted for 2009 and for several years thereafter. Based on all these assumptions, by April 30, 2013, the ancillary is anticipating to have $1 million in capital renewal and $150,000 in operating reserve leaving $334,235 as unrestricted surplus for a total net assets of $1.6 million.

New College

Renovation of the dining hall server areas and improvements to the dining areas were completed and financed by Aramark as part of their agreement. Revenue from board and meal plan is forecasted $613,283 less than previously budgeted. The ancillary is projecting a surplus of $19,987 which is $7,836 less than previously budgeted.

Maintenance for the other two older building have always been kept at its best; however, repairs are required as the buildings begun to show their age. New College is forecasting a small deficit of $2,950 in 2009 reflecting an increase of $37,210 in repair and maintenance costs. The ancillary is projecting net assets to be at $4,024 in 2009.

The long-range plan projects an operating surplus before commitments in each subsequent four years beyond 2009. Net assets are projected to increase from $4,024 in 2009 to $111,804 by 2013. A capital renewal reserve of $66,233 has been set aside for future contingencies.

The budget assumes meal plans rate increases of 3.5% in 2009 and each subsequent year.

University College

The ancillary is a “self-operated” food service operation that primarily services its 730 residence students, but is also open to all U of T students, staff, faculty and the public. The 2008 forecasted operating surplus before commitments is $198,346, which is $80,127 better than previously budgeted. The favourable variance is mainly the result of better than expected cash sales and catering revenues. Cost of sales has improved by controlling the size of portions and keeping the recipe consistent. Net assets are projected to increase from $225,836 in 2007, to $424,182 in 2008. Net assets are forecasted to be better than budget by $319,998, due to the lack of a transfer to the UC Residences Ancillary of $130,000 in order to allow the food services ancillary to build its financial health.

The ancillary is projecting an operating surplus of $181,234 before commitments for 2009. The forecasted increase in revenue was not enough to maintain the same level of operating surplus because the cost of sales is expected to be increased by more than 8%. Net assets are expected to grow from $555,416 in 2009, to $1.0 million by 2013. The operation plans to contribute $50,000 to the UC Residences Ancillary. The capital reserve is budgeted at $300,151 for the year, and the operating reserve is budgeted at $123,725.

The budget assumes meal plan rates will increase by 3%.

Parking Services

For the 2008-09 budget year, the Scarborough parking operation meets all four objectives, while St. George and Mississauga meet the first three objectives.

Mississauga

The Mississauga campus is a suburban commuter campus where the use of cars is more extensive than the St. George Campus. U of T Mississauga's student population is expected to grow approximately 2% in 2009. A storm water management pond will be constructed in the spring of 2008, resulting in a loss of 298 parking spaces. However, the study has shown that the campus should be able to absorb this loss of spaces, as there are currently unused spaces in existing lots.

The forecasted operating surplus before commitments for 2008 is $534,298, which is $187,271 better than previously budgeted. The favourable variance is due to higher pay and display meter revenues. The ancillary will transfer $450,000 out of the parking operation as a contribution to the Storm Water Management project in recognition of the cost of resurfacing in lot 4 which will be covered by the project when completed. After the transfer, net assets are expecting to be at $727,364 and the capital renewal reserve will be increased to $300,000 mainly to provide for capital requirements in the garage.

The 2009 budget includes price reductions as a result of improved management practices combined with revenue increases and expense reductions. Expenses are expected to be similar to the forecast for 2008 with the addition of $500,000 is required to resurface lot 2. This ancillary is forecasting an operating surplus of $220,260 before transfers. The capital renewal reserve will be increased to $500,000 to cover any requirements for the garage. Net assets are projected to be increased from $948,339 in 2009, to $3.2 million in 2013.

The long-range plan assumes no change in prices, operations and enrolment plans.

Scarborough

With the construction and renovation of the outer parking lots completed in the summer of 2003 and 2004, facilities now accommodate the parking requirements of staff, faculty and students in 2008-09 and beyond in line with enrolment projections. This expansion has also accommodated demand by an anticipated 1,250 customers from Centennial HP Science and Technology Centre. New initiatives in 2007-08 improved customer service and have reduced wait times.

In 2008, the net operating surplus is forecasted at $300,982 before commitments, which is $64,930 better than previously budgeted. The favourable variance is mostly attributed to savings in vehicle repairs and maintenance and annual and major maintenance expenses. After the transfer of $191,336 to UTSC's operating budget, net assets are projected to be at $1.5 million.

The proposed East Arrival Court project originally intended for construction in summer 2006 has been deferred for an unspecified period of time due to outstanding campus planning decisions, unresolved issues with the Toronto and Regional Conservation Authority and financing issues.

The 2008-09 budget assumes a decline in permit sales reflecting a decline in actual sales in 2007 and 2008. The ancillary is budgeting an operating surplus of $213,836 and a $197,077 transfer to UTSC's operating budget, $403,600 committed to capital renewal and $342,337 to operating reserves. The net effect of these changes will result in net assets of $1.5 million at the end of the 2009 budget year.

The long-range plan assumes permit price increases of 3% through the remainder of the period. The ancillary's net assets by the end of the planning period is estimated at $2.4 million. The capital renewal fund will have a balance of $360,210, the operating reserve will have a balance of $386,201 and the balance of $884,973 is set aside for future construction projects.

St. George

The ancillary operates 42 surface lots and 9 underground garages, providing 2,485 parking spaces for students, faculty and staff. The forecasted 2008 operating surplus before commitments is $128,275, a favourable variance of $347,034 from budget. The favourable variance is largely due to the increase in permit sales and cost saving on wages and benefits. The total reserve balance at year-end is forecasted to be $11.0

million of which $9.0 million represents investment in capital assets (funds already spent on capital assets).

Permit sales have been budgeted conservatively for 2009, based on the results for 2008. Cash & meter revenue will increase by 2%. No major construction projects have been budgeted. It is not foreseen that there will be an increase in demand beyond the current parking capacity. A surplus of $119,149 is budgeted, with a contribution of $100,000 to the capital renewal reserve. The total reserve balance at year-end is budgeted at $11.5 million of which $8.6 million represents investments in capital assets.

Parking services will maintain its variable pricing strategy this year, with changes proposed either to achieve a rate that is consistent with competitors in the immediate area, or to encourage/discourage use. Pay and Display rates in high demand areas will increase by 7%. All other areas, Pay and Display rates will remain static and permit rates will remain stable. With this pricing strategy, it is projecting a steady operating surplus for each plan year with $12.1 million net assets of which $5.7 million represents investment in capital assets.

Hart House

The second and third objectives are met by Hart House in the 2008 budget year. Hart House receives transitional funding, to facilitate the integration of Hart House Theatre into their operations. Because of the transitional funding, Hart House does not meet the first objective.

Hart House is projecting an operating surplus of $142,000 before $215,000 of transitional funding and ending with net assets of $4.9 million for 2008. Hart House Theatre continues to grow financially each year. Revenues for this fiscal year are expected to be $49,000 greater than 2007, and next year increasing again by another $90,000. Hart House will continue to receive support for the theatre from the University until the end of the 2009 fiscal year.

The 2009 budget includes a new approach in providing programming and services to meet increasing demands. The budget goals are:

- To achieve a budget in a surplus position
- To be sustainable in future years, and
- Develop new revenue streams to reduce dependency on student fees

Annual increase to the student fee is consistent with the Council on Student Services (COSS) protocol. Consistently, there is a gap between the annual increase of student fees and the expected inflationary increases in expenditures, particularly for salaries and the cost of utilities. Hart House is budgeting an increase in revenues of $589,000 with a small deficit of $14,000 before commitments and transfers. With the subsidy of $215,000 from the University to support the Theatre for the last year, the operation will end with a surplus of $201,000.

The long range plan budgets for annual operating deficits (before transitional funding for Hart House Theatre) in each of the remaining four years are a result of expenses such as salaries and utilities increasing each year at rates projected to be higher than the increases in the student fee.

Because of planned operating deficits before commitments, the existing cash position decreases significantly over the next five years. Starting in 2010, the unrestricted net assets are in a negative position. Large amount of deferred and major maintenance expenditures are also budgeted in future periods, which will deplete the reserves that were set aside for deferred and major maintenance expenditures.

To address the long-term budget issues, Hart House is undertaking a strategic review. The focus will be on operational effectiveness and will review the original deferral and major maintenance engineering study with a view of having better cost estimates and fundraising for the Theatre.

In 2009, student fee rates are forecasted to increase by 2.0%.

Conclusion

The previous sections have highlighted the issues that are common to each type of ancillary –residences, conference, food and beverage services, parking and Hart House – and have provided a brief summary of the budget of each ancillary operation. It is also worthwhile to consider the issues on a campus by campus basis for a better understanding of the similarities and differences between the three campuses.

UT Scarborough:

This campus has experienced a large increase in its student population in a very short period. Students, faculty and staff travel to the campus, for the most part, by car or by bus, and many journey from areas not served by TTC. Services must be provided on campus since they are essentially not available in the surrounding area.

Key priorities for Scarborough over the past several years have been an expansion and improvement of parking, with more modest growth in residence and dining facilities. There are limited opportunities for students to live in rented accommodation near campus and there are essentially no commercial food operations within a reasonable distance of campus. Food needs must be met either by bringing food from home or via campus dining facilities.

Key issues are a continued shortage of residence beds and insufficient dining capacity for the increased number of students, even with the additional capacity that has been added over the past few years.

UT Mississauga:

This campus has also experienced a large increase in its student population in a very short period. Students, faculty and staff travel to the campus, for the most part, by bus or by car, and many journey from areas not served by the Mississauga bus service. Services must be provided on campus since they are essentially not available in the surrounding area.

At Mississauga, priority has been placed on expansion of residence capacity and on expansion of parking. Modest growth has occurred for food services with the addition of a dining hall as part of the newest residence and the introduction of a meal plan.

Key priorities continue to be the management of transportation to and from the campus, of which parking is one component. Further expansion of dining facilities and improvements to the food offerings are also key priorities.

UT St. George:

The environment on the St. George campus is very different than that of Scarborough or Mississauga, While there has been enrolment growth, it has not represented such a large percentage growth, and there are extensive housing, food and parking services around the campus which provide strong competition to the U of T offerings. There has been substantial expansion of residence capacity and the key challenge for St. George residents is to ensure that the residences are full amid competition that has arisen due to increased rental vacancy rates in the area. Food services are extensive and there is considerable competition from food trucks and surrounding restaurants of all types and price points. The number of parking spaces is regulated and there is excellent subway and bus transportation to the campus.

Key priorities are to fill residence beds at prices that will enable the residences to break even and to provide food, beverage and parking services that are competitive with operations in the immediate surroundings.

In conclusion, the residence, conference, food and beverage, parking services and Hart House are an integral part of the student experience and of the experience of faculty and staff. In the longer term, it is important that their planning be carefully integrated with overall enrolment planning and that their services cater to the mix of students and others who wish to use them.

Members of the Service Ancillary Group

Vice-President, Business Affairs	Catherine Riggall
Chief Financial Officer (Chair)	Sheila Brown
Vice-Provost, Students	Jonathan Freedman
Vice Provost, Planning and Budget	Safwat Zaky

***Co-opted members from University Affairs Board*:**

Assistant Dean, Student Affairs UTM	Chris McGrath
Coordinator, Student Affairs	Diana A.R. Alli
Undergraduate Student	Tian Tian

Financial Services:

Manager, Accounting Services	Selina Law
Financial Accounting Analyst	Nira Rajaratnam

Review and Consultative Process
with Student/Local Committees and Councils

1. **University of Toronto Mississauga**

   Parking

   Transportation and Parking Subcommittee

   Resource, Planning and Priorities Committee

   College Council

   Residences

   UTM Residence Council

   Housing Sub-committee of UTM Association of Graduate Students

   Resource, Planning and Priorities Committee

   Erindale College Council

   Food Services

   Resource, Planning and Priorities Committee

   College Council

   Facilities Rental & Conference Services

   Resource, Planning and Priorities Committee

   College Council

2. **University of Toronto Scarborough**

   Parking

   Planning & Budget Committee

   Parking Advisory Review Committee (PARC) (new – March 2008)

   Residences

   Residences Advisory Committee

   Planning & Budget Committee

   Food Services

   Planning & Budget Committee

   Council on Student Services (only Alcohol Education and monitoring subsidy)

Facilities Rental& Conference Services

Planning & Budget Committee

3. St. George Campus

Residences

New College:

Priority, Planning and Budget Committee

New College Council

Innis College:

Innis Residence Committee

Graduate House:

Graduate House Council (residents)

SGS Graduate House Governing Body

University College:

University College Residence Council

89 Chestnut:

Residence Council

Residence Board

St. George Family Housing:

Joint Committee, Management & Tenant Executive

Mgmt Board

Liaison Committee

Woodsworth College:

Woodsworth Residence Council

Food Services

New College Food Services:

Priority, Planning and Budget Committee

New College Council

University College Food Services:

University College Residence Council Food Committee

4. Hart House

Finance Committee

Board of Stewards

Council on Student Services

UNIVERSITY OF TORONTO
SERVICE ANCILLARY OPERATIONS BUDGET SUMMARY
PROJECTED OPERATING RESULTS FOR THE YEAR ENDING APRIL 30, 2009 **SCHEDULE I**
(with comparative projected surplus for the year ending April 30, 2008)

	Revenues	Expenditures	Net Income (loss) before Transfers and Subsidy	Transfers in (out) and Operating Subsidy	Net Income (loss) after Transfers and Subsidy 2009	2008
RESIDENCES						
UTM	8,972,893	9,905,023	(932,130)	-	(932,130)	(977,385)
UTSC	4,930,447	5,048,405	(117,958)	-	(117,958)	(124,999)
Innis College	2,669,867	2,580,387	89,480	(125,000)	(35,520)	90,126
New College	6,936,323	8,569,620	(1,633,297)	351,948	(1,281,349)	(1,939,545)
University College	5,021,643	5,019,969	1,674	50,000	51,674	(73,794)
Graduate House	3,502,781	3,379,037	123,744	(41,350)	82,394	(870,873)
Family Housing Residence	7,471,850	7,278,280	193,570	(600,000)	(406,430)	(607,572)
89 Chestnut Street	16,701,253	18,686,005	(1,984,752)	900,000	(1,084,752)	(3,213,233)
Woodsworth College	3,321,513	4,161,188	(839,675)	1,204,000	364,325	427,019
Total Residences	59,528,570	64,627,914	(5,099,344)	1,739,598	(3,359,746)	(7,290,256)
CONFERENCES						
UTM	897,642	850,139	47,503	-	47,503	174,042
UTSC	632,267	560,411	71,856	-	71,856	69,496
	1,529,909	1,410,550	119,359		119,359	243,538
FOOD & BEVERAGE SERVICES						
UTM	1,139,243	1,060,851	78,392	-	78,392	138,491
UTSC	333,493	333,298	195	-	195	11,835
St. George	1,603,406	1,473,493	129,913	-	129,913	(55,377)
New College	672,750	675,700	(2,950)	-	(2,950)	19,987
University College	1,618,670	1,437,436	181,234	(50,000)	131,234	198,346
Total Food Services	5,367,562	4,980,778	386,784	(50,000)	336,784	313,282
PARKING						
UTM	2,716,900	2,495,925	220,975	-	220,975	84,298
UTSC	2,282,245	2,068,409	213,836	(197,077)	16,759	139,646
St. George	5,426,935	5,307,786	119,149	-	119,149	128,275
Total Parking	10,426,080	9,872,120	553,960	(197,077)	356,883	352,219
HART HOUSE	12,861,000	12,875,000	(14,000)	215,000	201,000	357,000
TOTAL	89,713,121	93,766,362	(4,053,241)	1,707,521	(2,345,720)	(6,024,217)

SCHEDULE II

SUMMARY OF SERVICE ANCILLARY LONG RANGE BUDGET RESULTS

ANCILLARY	Objectives met within the 2008/09 Budget: 1	2	3	4	2008 - 2009 Unrestricted Surplus/(Deficit)	Projected investment in capital assets	Projected Commitments to Capital Renewal (Schedule III)	Projected operating reserve (Schedule III.1)	Projected new constr. reserve (Schedule III.1)	2008-09 NET ASSETS	2010-11 NET ASSETS	2012-13 NET ASSETS
Residence Services												
UTM	yes	yes	no	no	(7,032,115)	-	526,527	869,069	-	(5,636,519)	(5,866,390)	(4,410,565)
UTSC	yes	yes	no	no	(1,754,408)	952,758	959,504	525,412	-	683,266	921,920	1,853,362
Innis College	yes	yes	yes	yes	252,621	429,294	1,137,000	750,000	-	2,568,915	2,515,527	2,638,707
				125,000								
New College	no	no	no	no	(11,308,046)	3,217,427	600,000	-	-	(7,490,619)	(9,680,877)	(11,831,984)
University College	yes	yes	no	no	(1,094,640)	2,314,138	1,896,707	411,900	-	3,528,105	3,900,767	4,651,945
Graduate House	yes	yes	no	yes***	(1,559,032)	2,816,163	-	-	-	1,257,131	1,873,148	3,223,331
				46,350								
Family Housing Residence**	yes	yes	yes	no	1,232,241	52,998	1,350,000	1,000,000	-	3,635,239	3,236,241	3,269,393
89 Chestnut Street	no	no	no	no	(12,638,271)	20,503	-	-	-	(12,617,768)	(13,651,043)	(14,799,881)
Woodsworth College	no	yes	yes	no	-	-	-	1,693,953	-	1,693,953	2,517,831	2,293,273
Conference Services												
UTM	yes	yes	yes	no	262,995	5,386	-	38,773	-	307,155	394,605	479,673
UTSC	yes	yes	yes	no	-	27,014	2,500	316,133	173,152	518,799	656,494	764,677
Food & Beverage Services												
UTM	yes	yes	yes	no	(947,560)	471,650	60,000	79,825	-	(336,085)	72,996	453,737
UTSC	yes	yes	yes	no	-	127,160	2,400	60,008	34,415	223,983	231,373	236,131
St. George	yes	yes	yes	no	35,534	117,265	650,000	140,000	-	942,799	1,507,203	1,602,854
New College	yes	yes	no	no	(1,419,193)	1,385,217	38,000	-	-	4,024	33,854	111,801
University College	yes	yes	yes	no*	101,491	30,049	300,151	123,725	-	555,416	810,448	1,005,054
Parking												
UTM	yes	yes	yes	no	244,487	38,960	500,000	164,892	-	948,339	1,959,829	3,222,832
UTSC	yes	yes	yes	yes	(15,760)	808,337	403,600	342,337	-	1,538,514	1,917,654	2,362,576
				197,077								
St. George	yes	yes	yes	no	2,038,736	8,597,983	500,000	396,363	-	11,533,082	11,781,373	12,126,576
Hart House	no	yes	yes	no	233,000	2,972,000	450,000	1,308,000	-	4,963,000	4,165,000	2,150,000
	Summary totals			368,427	(33,367,920)	24,384,302	9,376,389	8,220,390	207,567	8,820,729	9,297,953	11,403,492

OBJECTIVES:

Plans reflect (yes) or do not reflect (no) that the Ancillary:

1. Operates without a subsidy from the operating budget.
2. Includes all costs of capital renewal including deferred maintenance.
3. Generates sufficient surplus to cover operating contingencies.
4. Contributes net revenue to the operating budget.

* UC Food Service is contributing $50,000 to UC Residence

** Family Housing has a trust fund for major capital renewal as per purchase agreement with OHC

*** Graduate House is contributing $46,350 to the School of Graduate Studies

SCHEDULE III

UNIVERSITY OF TORONTO
SERVICE ANCILLARY OPERATIONS BUDGET SUMMARY
PROJECTED FUNDS TO BE COMMITTED FOR CAPITAL RENEWAL
FOR THE YEAR ENDING APRIL 30, 2009

	Balance May 1, 2008	Net increase (decrease) in commitments to capital renewal	Balance April 30, 2009	Balance April 30, 2013
RESIDENCES				
UTM	526,527	-	526,527	526,527
UTSC	987,885	(28,381)	959,504	777,163
Innis College	1,137,000	-	1,137,000	1,137,000
New College	-	600,000	600,000	600,000
University College	1,866,751	29,956	1,896,707	1,866,751
Graduate House	-	-	-	65,000
Family Housing Residence*	1,379,667	(29,667)	1,350,000	1,350,000
89 Chestnut Street	-	-	-	-
Woodsworth College	-	-	-	374,129
Total Residences	5,897,830	571,908	6,469,738	6,696,570
CONFERENCES				
UTM	-	-	-	-
UTSC	2,500	-	2,500	2,500
Total Conference Services	2,500.00	-	2,500.00	2,500
FOOD & BEVERAGE SERVICES				
UTM	60,000	-	60,000	60,000
UTSC	2,400	-	2,400	2,400
St. George Campus	574,700	75,300	650,000	1,000,000
New College	-	38,000	38,000	38,000
University College	243,724	56,427	300,151	557,217
Total Food Services	880,824	169,727	1,050,551	1,657,617
PARKING				
UTM	300,000	200,000	500,000	500,000
UTSC	417,209	(13,609)	403,600	360,210
St. George	400,000	100,000	500,000	500,000
Total Parking	1,117,209	286,391	1,403,600	1,360,210
HART HOUSE	653,000	(203,000)	450,000	(142,000)
TOTAL	8,551,363	825,026	9,376,389	9,574,897

* Family Housing has a trust fund set up as part of the purchase agreement whereby the ancillary contributes $600,000 annually to the fund and the major capital projects are expensed through this fund. The fund balance at April 30, 2009 is expected to be $157,254 and $15,229 in 2012-13.

SCHEDULE III.1

UNIVERSITY OF TORONTO
SERVICE ANCILLARY OPERATIONS BUDGET SUMMARY
PROJECTED FUNDS TO BE COMMITTED FOR OPERATING AND NEW CONSTRUCTION RESERVE
FOR THE YEAR ENDING APRIL 30, 2009

	OPERATING RESERVE				NEW CONSTRUCTION RESERVE			
	Balance May 1, 2008	Increase or (decrease) in operating reserve	Balance operating reserve April 30, 2009	Balance operating reserve April 30, 2013	Balance May 1, 2008	Increase or (decrease) in construction reserve	Balance new construction reserve April 30, 2009	Balance new construction reserve April 30, 2013
RESIDENCES								
UTM	778,516	90,553	869,069	845,732	-	-	-	-
UTSC	494,667	30,745	525,412	631,018	-	-	-	-
Innis College	1,053,120	(303,120)	750,000	850,000	-	-	-	-
New College	-	-	-	-	-	-	-	-
University College	406,999	4,901	411,900	439,467	-	-	-	-
Graduate House	-	-	-	602,720	-	-	-	-
Family Housing Residence	1,058,464	(58,464)	1,000,000	1,000,000	-	-	-	-
89 Chestnut Street	-	-	-	-	-	-	-	-
Woodsworth College	1,329,628	364,325	1,693,953	1,919,143	-	-	-	-
Total Residences	5,121,394	128,940	5,250,334	6,288,080	-			
CONFERENCES								
UTM	39,912	(1,139)	38,773	44,293	-	-	-	-
UTSC	293,762	22,371	316,133	342,636	136,915	36,237	173,152	413,535
Total Conference Services	333,674	21,232	354,906	386,929	136,915	36,237	173,152	413,535
FOOD & BEVERAGE SERVICES								
UTM	75,054	4,771	79,825	98,990	-	-	-	-
UTSC	56,993	3,015	60,008	66,222	116,388	(81,973)	34,415	114,779
St. George Campus	115,000	25,000	140,000	150,000	-	-	-	-
New College	66,233	(66,233)	-	-	-	-	-	-
University College	113,293	10,432	123,725	142,041	-	-	-	-
Total Food Services	426,573	(23,015)	403,558	457,253	116,388.00	(81,973.00)	34,415.00	114,779.00
PARKING								
UTM	160,227	4,665	164,892	172,508	-	-	-	-
UTSC	331,234	11,103	342,337	386,201		-	-	884,973
St. George	392,627	3,736	396,363	422,249	-	-	-	-
Total Parking	884,088	19,504	903,592	980,958		-	-	884,973
HART HOUSE	1,214,000	94,000	1,308,000	1,401,000	-	-	-	-
TOTAL	7,979,729	240,661	8,220,390	9,514,220	253,303	(45,736)	207,567	1,413,287

UNIVERSITY OF TORONTO
SERVICE ANCILLARY OPERATIONS BUDGET SUMMARY
PROJECTED NET INCOME (LOSS) FOR THE PERIOD 2007/2008 TO 2012/2013

	2007/2008 (Forecast)			2008/2009			2009/2010		
	Net Income (loss) before Transfers and Subsidy	Transfers in (out) and Operating Subsidy	Net Income (loss) after Transfers and Subsidy	Net Income (loss) before Transfers and Subsidy	Transfers in (out) and Operating Subsidy	Net Income (loss) after Transfers and Subsidy	Net Income (loss) before Transfers and Subsidy	Transfers in (out) and Operating Subsidy	Net Income (loss) after Transfers and Subsidy
RESIDENCES									
UTM	(977,385)	-	(977,385)	(932,130)	-	(932,130)	(678,122)	-	(678,122)
UTSC	(124,999)	-	(124,999)	(117,958)	-	(117,958)	46,370	-	46,370
Innis College	215,126	(125,000)	90,126	89,480	(125,000)	(35,520)	14,873	(125,000)	(110,127)
New College	(2,291,493)	351,948	(1,939,545)	(1,633,297)	351,948	(1,281,349)	(1,481,711)	351,948	(1,129,763)
University College	(73,794)	-	(73,794)	1,674	50,000	51,674	86,151	50,000	136,151
Graduate House	(830,873)	(40,000)	(870,873)	123,744	(41,350)	82,394	272,386	(42,741)	229,645
Family Housing Residence	(7,572)	(600,000)	(607,572)	193,570	(600,000)	(406,430)	291,124	(600,000)	(308,876)
89 Chestnut Street	(3,213,233)	-	(3,213,233)	(1,984,752)	900,000	(1,084,752)	(1,664,835)	900,000	(764,835)
Woodsworth College	(776,981)	1,204,000	427,019	(839,675)	1,204,000	364,325	(811,006)	1,204,000	392,994
Total Residences	(8,081,204)	790,948	(7,290,256)	(5,099,344)	1,739,598	(3,359,746)	(3,924,770)	1,738,207	(2,186,563)
CONFERENCES									
UTM	174,042	-	174,042	47,503	-	47,503	45,050	-	45,050
UTSC	69,496	-	69,496	71,856	-	71,856	63,494	-	63,494
Total Conferences	243,538	-	243,538	119,359		119,359	108,544		108,544
FOOD & BEVERAGE SERVICES									
UTM	138,491	-	138,491	78,392	-	78,392	219,271	-	219,271
UTSC	11,835	-	11,835	195	-	195	2,496	-	2,496
St. George	(55,377)	-	(55,377)	129,913	-	129,913	322,158	-	322,158
New College	19,987	-	19,987	(2,950)	-	(2,950)	9,522	-	9,522
University College	198,346	-	198,346	181,234	(50,000)	131,234	169,524	(50,000)	119,524
Total Food Services	313,282	-	313,282	386,784	(50,000)	336,784	722,971	(50,000)	672,971
PARKING									
UTM	534,298	(450,000)	84,298	220,975	-	220,975	345,243	-	345,243
UTSC	330,982	(191,336)	139,646	213,836	(197,077)	16,759	395,170	(202,989)	192,181
St. George	128,275	-	128,275	119,149	-	119,149	99,275	-	99,275
Total Parking	993,555	(641,336)	352,219	553,960	(197,077)	356,883	839,688	(202,989)	636,699
HART HOUSE	142,000	215,000	357,000	(14,000)	215,000	201,000	(272,000)	-	(272,000)
TOTAL	(6,388,829)	364,612	(6,024,217)	(4,053,241)	1,707,521	(2,345,720)	(2,525,567)	1,485,218	(1,040,349)

UNIVERSITY OF TORONTO
SERVICE ANCILLARY OPERATIONS BUDGET SUMMARY
PROJECTED NET INCOME (LOSS) FOR THE PERIOD 2007/2008 TO 2012/2013

	2010/2011			2011/2012			2012/2013		
	Net Income (loss) before Transfers and Subsidy	Transfers in (out) and Operating Subsidy	Net Income (loss) after Transfers and Subsidy	Net Income (loss) before Transfers and Subsidy	Transfers in (out) and Operating Subsidy	Net Income (loss) after Transfers and Subsidy	Net Income (loss) before Transfers and Subsidy	Transfers in (out) and Operating Subsidy	Net Income (loss) after Transfers and Subsidy
RESIDENCES									
UTM	448,251	-	448,251	569,233	-	569,233	886,592	-	886,592
UTSC	192,283	-	192,283	293,688	-	293,688	637,754	-	637,754
Innis College	181,739	(125,000)	56,739	172,223	(125,000)	47,223	200,958	(125,000)	75,958
New College	(1,412,443)	351,948	(1,060,495)	(1,335,186)	351,948	(983,238)	(1,285,185)	117,316	(1,167,869)
University College	161,511	75,000	236,511	231,257	100,000	331,257	294,921	125,000	419,921
Graduate House	430,544	(44,173)	386,371	593,425	(45,648)	547,777	849,572	(47,167)	802,405
Family Housing Residence	509,878	(600,000)	(90,122)	605,098	(600,000)	5,098	614,027	(600,000)	14,027
89 Chestnut Street	(1,168,440)	900,000	(268,440)	(707,019)	-	(707,019)	(220,910)	-	(220,910)
Woodsworth College	(773,116)	1,204,000	430,884	(734,232)	1,204,000	469,768	(694,326)	-	(694,326)
Total Residences	(1,429,793)	1,761,775	331,982	(311,513)	885,300	573,787	1,283,403	(529,851)	753,552
CONFERENCES									
UTM	42,401	-	42,401	42,132	-	42,132	42,935	-	42,935
UTSC	74,201	-	74,201	54,566	-	54,566	53,617	-	53,617
Total Conferences	116,602		116,602	96,698		96,698	96,552		96,552
FOOD & BEVERAGE SERVICES									
UTM	189,810	-	189,810	193,595	-	193,595	187,146	-	187,146
UTSC	4,894	-	4,894	3,678	-	3,678	1,080	-	1,080
St. George	242,246	-	242,246	142,680	-	142,680	(47,029)	-	(47,029)
New College	20,308	-	20,308	32,840	-	32,840	45,107	-	45,107
University College	210,507	(75,000)	135,507	204,993	(100,000)	104,993	214,613	(125,000)	89,613
Total Food Services	667,765	(75,000)	592,765	577,786	(100,000)	477,786	400,917	(125,000)	275,917
PARKING									
UTM	666,247	-	666,247	644,382	-	644,382	618,621	-	618,621
UTSC	396,039	(209,079)	186,960	439,547	(215,351)	224,196	442,538	(221,811)	220,727
St. George	149,017	-	149,017	164,757	-	164,757	180,445	-	180,445
Total Parking	1,211,303	(209,079)	1,002,224	1,248,686	(215,351)	1,033,335	1,241,604	(221,811)	1,019,793
HART HOUSE	(527,000)	-	(527,000)	(849,000)	-	(849,000)	(1,166,000)	-	(1,166,000)
TOTAL	38,877	1,477,696	1,516,573	762,657	569,949	1,332,606	1,856,476	(876,662)	979,814

SCHEDULE V

UNIVERSITY OF TORONTO
SERVICE ANCILLARY OPERATIONS
SUMMARY OF 2008-2009 CAPITAL BUDGETS
(with comparative figures for 2007-2008)

	2008/2009	2007/2008
RESIDENCES		
New College	160,000	185,000
UTM	-	125,000
UTSC	255,000	150,000
Total Residences	415,000	460,000
CONFERENCES		
UTSC	20,000	5,000
Total Conferences	20,000	5,000
FOOD & BEVERAGE SERVICES		
UTM	170,000	260,000
UTSC	100,000	2,300
St. George	35,000	115,000
Total Food Services	305,000	377,300
PARKING		
UTM	-	75,000
UTSC	54,000	188,000
St. George	365,000	141,500
Total Parking	419,000	404,500
HART HOUSE	1,300,000	800,000
TOTAL	2,459,000	2,046,800

SCHEDULE OF 2008-2009 ANCILLARY RATES

	2007/08 RATE $	2008/09 RATE $	INCREASE $	INCREASE %	PRIOR YEAR'S INCREASE %
PARKING					
St. George Parking					
Reserved Permit - annual	1,860.00	1,860.00	-	0.0%	0.0%
Reserved / premium*	1,860.00	1,860.00	-	0.0%	0.0%
Block Reserved - annual	1,440.00	1,440.00	-	0.0%	0.0%
Non Reserved Permit - annual	1,038.00	1,038.00	-	0.0%	0.0%
Daily	variable	variable	n/a	n/a	n/a
Weekly / Weekend / Evening	variable	variable	n/a	n/a	n/a
* Pertains to King's College Circle and Hart House Circle					
UTM					
CCIT Garage*:					
Reserved Permit - annual	1,080.50	830.16	(250.34)	-23.2%	1.0%
Surface Lots:					
Reserved Permit - annual	873.85	830.16	(43.69)	-5.0%	1.0%
Unreserved (Lots 2 & 9)					
Unreserved Permit - annual	623.27	592.11	(31.16)	-5.0%	2.6%
Unreserved (Lots 4 & 8)					
Unreserved Permit - annual	603.27	573.11	(30.16)	-5.0%	-0.6%
Unreserved - afternoon - annual	458.74	435.80	(22.94)	-5.0%	1.0%
Pay & Display					
Cash 6:30 am - 8:00 a.m. next day	13.00	12.00	(1.00)	-7.7%	0.0%
Cash 5:00 pm - 8:00 a.m. next day	5.00	5.00	-	0.0%	0.0%
Cash per half hour	2.50	2.50	-	0.0%	0.0%
UTSC					
Inner Lot:					
Annual	810.08	827.06	16.98	2.1%	5.0%
Summer	453.64	463.15	9.51	2.1%	5.0%
Residence (September - August)	710.59	731.91	21.32	3.0%	5.0%
Residence - Summer	397.93	409.87	11.94	3.0%	5.0%
Fall/Winter Evening	405.05	413.54	8.49	2.1%	5.0%
Motorcycle, Annual	270.03	275.69	5.66	2.1%	n/a
Daily - short tem and visitors	12.00	12.00	-	0.0%	0.0%
Evening - flat rate	6.00	6.00	-	0.0%	0.0%
Athletics members - flat rate	14.24	18.89	4.65	32.7%	5.0%
Summer conference - daily rate	5.40	5.40	-	0.0%	0.0%
Summer conference - youth bed rate	1.20	1.20	-	0.0%	0.0%
Outer Lot:					
Annual	564.60	576.44	11.84	2.1%	5.0%
Fall or Winter or Summer Term	316.18	322.81	6.63	2.1%	5.0%
Fall/Winter Evening	282.30	288.22	5.92	2.1%	5.0%
Summer	316.18	322.81	6.63	2.1%	
Centennial Permit (Sep - May)	515.51	536.54	21.03	4.1%	5.0%
Daily - flat rate	10.00	10.00	-	0.0%	0.0%
Evening - flat rate	5.00	5.00	-	0.0%	0.0%

SCHEDULE OF 2008-2009 ANCILLARY RATES

	2007/08 RATE $	2008/09 RATE $	INCREASE $	INCREASE %	PRIOR YEAR'S INCREASE %
FOOD SERVICE					
University College					
Plan A	3,640.00	3,750.00	110.00	3.0%	2.4%
Plan B	3,220.00	3,315.00	95.00	3.0%	2.5%
New College					
15 Meal ($200 Flex)	3,686.00	3,815.00	129.00	3.5%	3.4%
330 Meal ($400 Flex)	3,686.00	3,815.00	129.00	3.5%	3.4%
Room and Carte Blanche	3,841.00	3,975.00	134.00	3.5%	3.4%
UTM					
Group A					
Plan 1	3,100.00	3,255.00	155.00	5.0%	n/a
Plan 2	3,400.00	3,570.00	170.00	5.0%	n/a
Plan 3	3,700.00	3,795.00	95.00	2.6%	n/a
Plan 4(new)	-	3,975.00	n/a	n/a	n/a
Group B					
Plan 5	1,800.00	1,800.00	-	0.0%	n/a
Plan 6	1,300.00	1,300.00	-	0.0%	n/a
Plan 7(new)	-	1,975.00	n/a	n/a	n/a

SCHEDULE OF 2008-2009 ANCILLARY RATES

	2007/08 RATE $	2008/09 RATE $	INCREASE $	INCREASE %	PRIOR YEAR'S INCREASE %
RESIDENCES					
St. George Campus					
Graduate House					
Grad. House Res/month - Single - premium	738.00	782.00	44.00	6.0%	3.9%
Grad. House Res/month - Single - regular	662.00	702.00	40.00	6.0%	3.9%
Grad. House Res/month - Singles in suite 970, 340	587.00	622.00	35.00	6.0%	4.1%
Grad. House Res/month - Singles in suite 670	639.00	677.00	38.00	5.9%	4.1%
Grad. House Res/month - Double	505.00	535.00	30.00	5.9%	4.1%
Grad. Residence/month - Doubles in suite 508	468.00	496.00	28.00	6.0%	4.0%
University College					
University College - Winter	5,475.00	5,720.00	245.00	4.5%	4.5%
Innis College					
Innis College - Winter	5,640.00	5,920.00	280.00	5.0%	4.3%
Innis College - Summer discounted	2,250.00	2,250.00	-	0.0%	-8.3%
New College					
New College - Winter	5,305.00	6,366.00	1,061.00	20.0%	8.8%
New College - Summer/Single					
Continuing New College Student	1,758.75	1,785.00	26.25	1.5%	3.1%
Registered Students	1,879.75	1,905.50	25.75	1.4%	9.0%
Others	2,085.75	2,111.50	25.75	1.2%	2.5%
New College - Summer/Double					
Continuing New College Student	1,312.50	1,365.00	52.50	4.0%	13.6%
Registered Students	1,339.00	1,390.50	51.50	3.8%	15.6%
Others	1,442.00	1,545.00	103.00	7.1%	5.7%
Family Housing					
Bachelor	598.00	610.00	12.00	2.0%	2.6%
1 bedroom (standard)	741.00	756.00	15.00	2.0%	2.6%
1 bedroom (20)	753.00	768.00	15.00	2.0%	2.6%
1 bedroom (large)	785.00	801.00	16.00	2.0%	2.6%
1 bedroom (19/23)	804.00	820.00	16.00	2.0%	2.6%
2 bedroom (standard)	981.00	1,000.00	19.00	1.9%	2.6%
89 Chestnut Street					
Single	7,722.00	8,108.00	386.00	5.0%	5.0%
Super Single	8,911.00	9,357.00	446.00	5.0%	5.0%
Double	6,359.00	6,677.00	318.00	5.0%	5.0%
Regular Meal Plan	3,767.00	3,880.00	113.00	3.0%	5.0%
Carte Blanche Meals	3,881.00	4,100.00	219.00	5.6%	5.0%
Summer Breakfast	690.00	-	-	n/a	n/a
Summer Breakfast and Dinner (new)	-	1,155.00	n/a	n/a	n/a
12-month contracts					
Single	10,306.00	10,692.00	386.00	3.7%	3.7%
Super Single	11,495.00	11,941.00	446.00	3.9%	3.8%
Double	8,034.00	8,352.00	318.00	4.0%	3.9%
Double Winter + Single Summer	8,943.00	9,261.00	318.00	3.6%	3.5%
Woodsworth College					
Woodsworth College - Winter	6,720.00	7,060.00	340.00	5.1%	4.8%

SCHEDULE OF 2008-2009 ANCILLARY RATES

	2007/08 RATE $	2008/09 RATE $	INCREASE $	INCREASE %	PRIOR YEAR'S INCREASE %
UTM					
Undergraduate Students					
Townhouses	5,148.00	5,560.00	412.00	8.0%	8.8%
Premium townhouses (Leacock)	5,403.00	5,835.00	432.00	8.0%	8.8%
Suites (Roy Ivor Hall & Erindale Hall)	5,689.00	6,144.00	455.00	8.0%	8.8%
Dormitory (Opens 2007-08)	5,000.00	5,400.00	400.00	8.0%	n/a
MaGrath Valley 2 bedroom townhouse furnished	5,402.00	5,834.00	432.00	8.0%	n/a
MaGrath Valley 2 bedroom townhouse unfurnished	4,402.00	4,754.00	352.00	8.0%	n/a
Family & Graduate Housing:					
Schreiberwood:					
Phase 1 /month (1 bedroom + Den townhouses):					
May (new)	-	825.00	825.00	new	new
June to April	825.00	858.00	33.00	4.0%	n/a
Phase 1 /month (3 bedroom townhouses):					
May to June	929.00	977.00	48.00	5.2%	3.5%
July to April	977.00	1,016.00	39.00	4.0%	5.2%
Phase 1 /month (4 bedroom townhouses):					
May to June	947.00	996.00	49.00	5.2%	3.5%
July to April	996.00	1,035.00	39.00	3.9%	5.2%
Bachelors (Small)					
May	604.00	635.00	31.00	5.1%	3.4%
June - April	635.00	660.00	25.00	3.9%	5.1%
Bachelors (Large)					
May	634.00	667.00	33.00	5.2%	3.4%
June - April	667.00	693.00	26.00	3.9%	5.2%
MaGrath Valley:					
2 bedroom Apartments					
May to June	899.00	945.00	46.00	5.1%	3.5%
July to April	945.00	983.00	38.00	4.0%	5.1%
UTSC					
Winter					
Phase I - III single	5,540.00	5,817.00	277.00	5.0%	7.0%
Phase IV single	5,937.00	6,234.00	297.00	5.0%	7.0%
Phase I - III shared	4,102.00	4,307.00	205.00	5.0%	7.0%
Summer					
Phase I - III (May - August)	2,276.00	2,617.00	341.00	15.0%	8.0%
Visitor Weekly Rate	143.00	164.00	21.00	14.7%	8.3%
Phase IV (May - August)	2,451.00	2,818.00	367.00	15.0%	8.0%
Visitor Weekly Rate	153.00	176.00	23.00	15.0%	7.7%
HART HOUSE					
St. George Full Time	65.00	66.30	1.30	2.0%	2.1%
St. George Part Time	13.00	13.26	0.26	2.0%	2.1%
Scarborough & Mississauga (Full time)	2.00	2.04	0.04	2.0%	2.6%
Scarborough & Mississauga (Part time)	0.41	0.42	0.01	2.4%	2.5%

Rates are on a sessional basis.