

**WESTERN WASHINGTON UNIVERSITY
HOUSING & DINING SYSTEM
2013-2014 PROPOSED RATES**

**Presented to the Residential Advisory Committee, Residence Hall Association &
Associated Students Board of Directors**

PRO-FORMA SUMMARY:

March 5, 2013

Introduction

The attached budget and rates and supporting documentation represents the recommendations for fiscal year 2013-14. The challenging fiscal climate facing the State and WWU continues to introduce complexities and uncertainties into this year's process. The department's leadership has strived to account for the potential impact on the System, and the proposed rate and fee increase has been thoughtfully considered relative to the total cost for students to attend Western. Each operating line item in the budget has been reviewed to ensure that revenue opportunities are examined and costs are managed carefully. This budget and rate proposal responsibly responds to inflationary pressures and maintains the core functions of Western's quality residential program. As with every year, a major influence for planning came from the University's Strategic Plan and standards and expectations outlined in the Principles for the Housing & Dining System. This recommended budget meets those standards and ensures that management attends to the necessary reserve fund balances, planned major maintenance, debt service coverage, and capital planning. The figures and explanatory text reflect student input from surveys and committees as well as the most recent projections for revenue and expenditures.

The Capital Plan

The Enrollment and Student Services Housing & Dining Capital Plan addresses the long term financial strength of the System and ensures that the System's facilities meet Western's enrollment plan, meet or exceed the Board of Trustees fiscal principles, invests in infrastructure to ensure longevity, health and safety, and responds to changing student needs and expectations. Projects planned for fiscal year 2014 include the completion of the Mathes fire sprinkler project, the commencement of the Nash and Alpha fire sprinkler projects, the first phase of Carver Gym retail dining platform, and enhancement of the Fairhaven Commons servery area. Capital projects planned over the following 10 years include continued fire sprinkler additions, room and bathroom renovations, upgrades to radiant heat systems, and seismic upgrades.

Why is a Housing Rate Increase Needed?

The proposed rates represent the System's continued efforts to provide a quality program at an affordable cost. The attached documents review the impacts of the additional costs to the system, and the results of the responses to those impacts. As with previous years, the increase addresses external rate pressures such as inflationary and recharge rate increases, and transfers to the System's capital plan to continue the System's ongoing significant investment in renovations. In the midst of this pressure we expect residential programs and services to continue to be delivered at a high quality level. Enhancements for 2014 include the adding another late night dining option, expansion of organic food options, and increased internet bandwidth. The

System's staff continue to look for efficient operating methods and ways to bring services to students. State funds are not used to support the Housing & Dining system.

Proposed Rate Increase:

- The proposed Residence Hall and Birnam Wood rate increase is 3%.
- The budget and rate materials presented below show that the System can support its 2013-14 programs with a rate increase of 3% based on our current understanding of expected inflationary pressures.
- The 3% increase is less than the long range financing plan presented to the Board of Trustees which projects annual increases for the System in the 4-5% range over a ten year period. The projects in the long range financing plan are not affected by this slight reduction.

Impact of the Rate Increases

- Residence Halls: At a 3% increase, a double room w/125 Meal Plan increases \$30/month or \$271 for the school year.
- Birnam Wood: With 4 residents per unit: At a 3% increase the rent increases \$9.90/month or \$89 for the school year.

Background Information and Revenue & Expenditure Details:

Comments and figures pertaining to FY2014 are as compared to the FY2013 proposed budget and rates presented at the April 2012 Board of Trustees meeting.

Revenue Highlights and Assumptions

- Overall, the budgeted Operating Revenue increase is \$1,040,000 or 2.7% over FY2013's proposed budget.
- Occupancy calculations include the assumption of the same freshman and transfer admits to WWU, housing opening counts at 4,053 - the same as Fall 2012, a slightly increased attrition rate as a planning hedge, and plans for fewer RA hosting arrangements.
- Investment income is reduced \$20,000 or 40% to reflect expected actual returns..
- No change in conference revenues based on conferences booked and estimated to date.
- Increased commissions based on retail sales growth and consistent with commission guarantees per the food services management agreement.
- There is no increase proposed to the Viking Union building fee for 2013-14, and the S&A Fee revenue is shown at no increase based on early estimates of enrollment patterns.

Operating Expenditures Highlights and Assumptions

- Budgeted Operating Expenditures are projected to increase by \$814,000 or 3.2%.
- Wages and Benefits increase \$147,000 or 2.4%. Primary drivers for the increase are contingency for possible Classified staff step increase, increase to the State minimum wage, room and board increase for resident advisors, two position reclassifications, filling of vacant project manager position, and additional temporary custodians.
- Dining services rates are under negotiation. The increase shown includes an estimated residential dining rate increase, and the implementation of an additional late-night dining option.
- Utilities: Taken together, the various utilities expenditures decrease approximately \$7,000 or -0.23% influenced again by a continued favorable natural gas market.
- Maintenance and repairs increase \$57,000 or almost 3% to reflect anticipated labor and supply increases and increased maintenance contract costs.
- Institutional Services, which includes the University's Administrative Services Assessment (ASA) and University Police (Greencoat security staff) increases \$18,000 1.3%. The ASA recharge rate used here is 5% of adjusted revenue compared to 4.5% for FY2013.

Non-Operating Expenditures Highlights and Assumptions

- Allocations for major repairs and planned renovations increase \$26,000 or 0.75%. This investment in the existing facilities keeps the System ahead of targeted levels per the fiscal principles established by the Board of Trustees.
- Transfer to the System's capital plan increases \$202,000 or 6.1%. Upcoming projects include two fire sprinkler additions, improvements the Fairhaven Dining Commons, and the additional of a retail dining platform at Carver Gym.
- Overall, budgeted Non-Operating expenditures and transfers increase \$226,000 or 1.8%.

WESTERN WASHINGTON UNIVERSITY - HOUSING AND DINING SYSTEM
PROPOSED OPERATIONS FOR BUDGET YEARS ENDED JUNE 30, 2013 & 2014

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	DRAFT BUDGET 2012-13 As Presented to BOT	DRAFT BUDGET 2013-14 As of 3/4/13	PERCENT CHANGE	DIFFERENCE BUDGET \$
REVENUES				
Room and Board Payments	\$31,995,000	\$32,971,000	3.05%	\$976,000
Room and Board Fees and Penalties	142,500	157,500	10.53%	15,000
Investment Income	50,000	30,000	-40.00%	(20,000)
Bond Interest Subsidy	318,574	318,574	0.00%	0
Housing Rentals	103,897	100,850	-2.93%	(3,047)
Conferences	573,069	573,069	0.00%	0
Commissions	1,762,300	1,827,300	3.69%	65,000
Viking Union Programs & Services	149,750	148,700	-0.70%	(1,050)
S & A Fee Distribution (Viking Union)	1,253,000	1,253,000	0.00%	0
Building Fee (Viking Union)	1,606,579	1,606,579	0.00%	0
Other	93,150	101,150	8.59%	8,000
Total Revenues	\$38,047,819	\$39,087,722	2.73%	\$1,039,903
OPERATING EXPENDITURES				
Salaries & Benefits	\$6,189,816	\$6,337,090	2.38%	\$147,274
Food Service (net of capital contribution)	10,898,605	11,381,927	4.43%	\$483,322
Communications	358,830	367,230	2.34%	\$8,400
Electricity	758,948	776,935	2.37%	\$17,987
Heat	1,373,721	1,308,966	-4.71%	(\$64,755)
Water/Sewer	396,227	436,227	10.10%	\$40,000
Refuse Disposal/Recycling	266,651	266,651	0.00%	\$0
Television Cable	111,725	111,725	0.00%	\$0
Maintenance & Repairs	2,001,745	2,058,865	2.85%	\$57,120
Operating Supplies	234,235	245,975	5.01%	\$11,740
Equipment	451,411	469,811	4.08%	\$18,400
Insurance	451,852	451,852	0.00%	\$0
Rentals and Operating Leases	8,925	9,475	6.16%	\$550
Re-charged Services & ASA	1,407,968	1,425,915	1.27%	\$17,947
Assigned Student Affairs Costs	78,000	78,000	0.00%	\$0
Other Expenditures	734,329	810,639	10.39%	\$76,310
Total Operating Expenditures	\$25,722,988	\$26,537,283	3.17%	\$814,295
NON-OPERATING EXPENDITURES/TRANSFERS				
Bond Debt Service	\$5,461,713	\$5,459,189	-0.05%	(\$2,524)
R&R/ Minor Cap./Public Works Projects	3,553,583	3,579,850	0.74%	26,267
Other Transfers	0	0	0.00%	0
Transfer for capital plan support	3,309,535	3,511,400	6.10%	201,865
Total Non-Operating Expenditures	\$12,324,831	\$12,550,439	1.83%	\$225,608
Total Expenditures	\$38,047,819	\$39,087,722	2.73%	\$1,039,903
EXCESS (DEFICIT) OF REV OVER EXP	\$ 0	\$ 0	0.00%	\$ 0

SEE FOOTNOTES FOR EXPLANATIONS

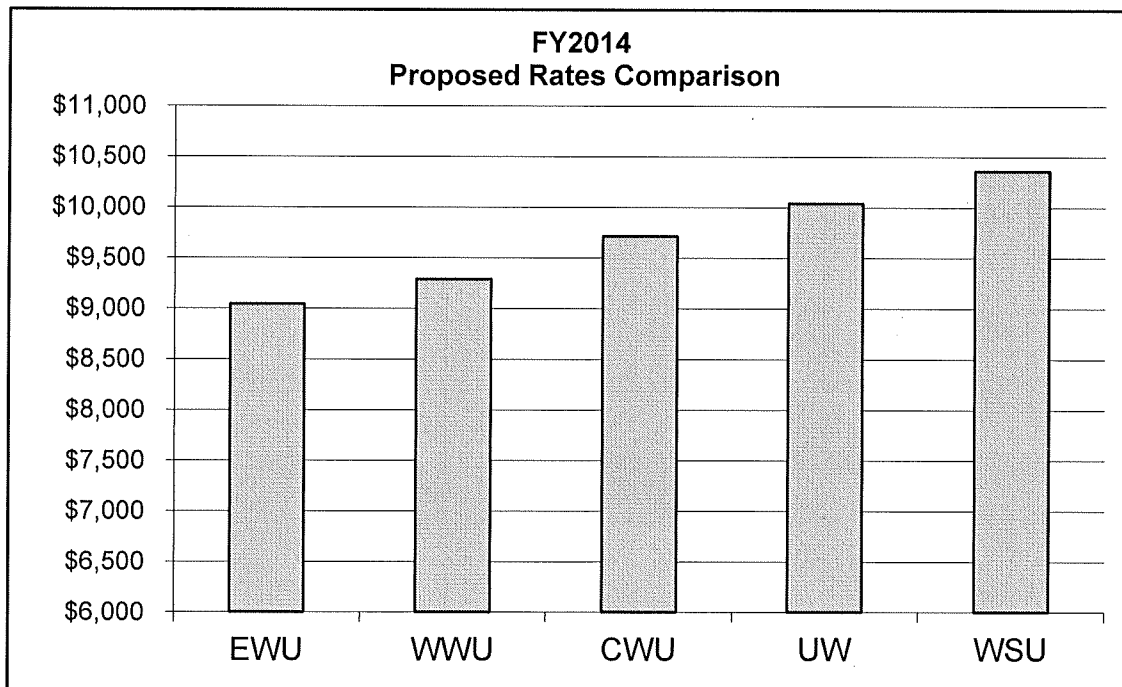
FOOTNOTES TO THE ATTACHED 2013-14 HOUSING & DINING SYSTEM PROPOSED BUDGET

- (1) The 2012-13 Budget, as approved by the WWU Board of Trustees April 2012, is shown to compare with the 2013-14 proposed budget. After Fall opening, adjustments were made based on an analysis of opening residence hall and apartment occupancy. Those October 2012 revisions are not shown here.
- (2) FY2014 Investment income reduced to reflect estimated actual investment pool returns.
- (3) Change in Other Revenue due to recording of annual dining capital contribution, which is also shown as an offset in Food Service Expense.
- (4) FY2014 incorporates potential additional classified staff pay step. Other changes include filling of vacant Project Manager position, two position reclassifications, RA room & board adjustment, and additional temporary custodians.
- (5) The Food Service line incorporates expenses for residential dining, catering, conference dining and departmental food costs. The increase shown is due to board plan price increase and some enhancements to the board dining program.
- (6) Line item total includes institutional services recharge (ASA) and the expense for University Police Greencoats (Safety Assistants). The WWU overhead assessment rate used for FY2014 is 5% vs. 4.5% for FY2013
- (7) Increase in "Other Expenses" due primarily to inter-departmental support (e.g. international student housing), recalculation of hall activity expenditures to estimated actuals, and slight increases to printing, training, & travel.
- (8) The "Transfer for Capital Plan Support" is an allocation representing Operating, Non-Operating and Building Fee funds to be placed into the System's Renewal & replacement Reserve Fund for planned Capital Plan projects For University Residences and the Viking Union.

**WASHINGTON PUBLIC UNIVERSITIES
RESIDENCE HALL ROOM & BOARD PLAN COSTS
FY2014 (Revised 3/4/13)**

Averaged Double Room Costs with Best-as-Possible & Meal Plan Comparison:

	EWU	WWU	CWU	UW	WSU
	Gold	125 Block	"Large"	"Level 4"	Level 2
Type of Meal Plan	Meals & Points	Meals & Points	Declining Balance	Declining Balance	Declining Balance
Elements of the Meal Plan	Equivalent to 2 to 3 meals per day	Approx. 12+ meals/wk + \$480 Points	Equivalent to Approx. 14 meals/wk	Equivalent of 13-15 meals/wk	Equivalent to Approx. 14 meals/wk
Average cost of Double Room across Bldg Types	\$9,015	\$9,290	\$9,716	\$10,040	\$10,361
Additional Charges not part of the base	\$30	\$0	\$0	\$0	\$0
Total Cost of a Double Room and Meals:	\$9,045	\$9,290	\$9,716	\$10,040	\$10,361
Rate of Increase Over 2012-13	Proposed 7.0%	Proposed 3.0%	Estimated 4.5%	Proposed 3.9%	Approved 4.3%



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TEN YEAR HISTORY OF RESIDENCE HALL RATES

ACADEMIC YEAR -----	ACADEMIC YEAR RATE with 125 BLOCK PLAN*	% OF CHANGE -----
2003-04	\$5,945	
2004-05	\$6,242	5.00%
2005-06	\$6,523	4.50%
2006-07	\$6,784	4.00%
2007-08	\$7,089	4.50%
2008-09	\$7,412	4.50%
2009-10	\$8,076 *	4.75%
2010-11	\$8,419	4.25%
2011-12:	\$8,755	4.00%
2012-13	\$9,019	3.00%
2013-14	\$9,290	3.00%
10-Year Average Percentage Change		----- 4.15%

* The meal plan used for comparison changed in 2009-10 from the Gold /100 to the 125 Meal Plan

SAMPLE ROOM & BOARD RATES and APARTMENT RENTS FOR 2013-2014

Room & Board Plans: Academic Year (@ 3% increase)	2012-13 Actual	at 3% incr. 2013-14 Proposed	2013-14 Cost per Month
Double Room with Unlimited meal plan	\$9,373	\$9,654	\$1,073
Double Room with 125-Block meal plan	\$9,019	\$9,290	\$1,032
Double Room with 100-Block meal plan	\$8,671	\$8,931	\$992
Double Room w/ 75-Block meal plan	\$8,317	\$8,567	\$952
Triple Room with 125-Block meal plan	\$7,849	\$8,084	\$898
Single Room Room with 125-Block meal plan	\$9,982	\$10,281	\$1,142
Birnam Wood Apartment Rents: Academic Year (3% increase)			
Birnam Wood: <u>Monthly</u> rate per person per bed (Two bedrooms with 4 occupants)	\$330	\$340	\$340