

**WESTERN WASHINGTON UNIVERSITY
HOUSING & DINING SYSTEM
2014-2015 PROPOSED RATES**

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

PRO-FORMA SUMMARY:

March 5, 2014

Introduction

The attached budget and rates and supporting documentation represents the recommendations for fiscal year 2014-15. The department's leadership has strived to account for the potential impact on the System, and the proposed rate 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, maintains the core functions of Western's quality residential program, and adds some components to increase student satisfaction and success. 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 2015 include the commencement of the two-phase Nash fire sprinkler and seismic project, and the Kappa fire sprinkler project. Capital projects planned over the following 10 years include 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. The increase addresses external rate pressures such as inflationary and recharge rate increases, and continues transfers to the System's capital plan that support the System's ongoing investment in renovations. Enhancements for 2015 include investments in student success and achievement, continuous academic year housing (open over winter and spring breaks), adding another late night dining option, and continued expansion of local and organic food options. 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 4%.
- The budget and rate materials presented below show that the System can support its 2014-15 programs with a rate increase of 4% based on our current understanding of expected inflationary pressures.
- The 4% increase is consistent with 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 4% increase, a double room w/125 Meal Plan increases \$41/month or \$372 for the school year.
- Birnam Wood: With 4 residents per unit: At a 4% increase the rent increases \$13.61/month or \$122 for the school year.

Background Information and Revenue & Expenditure Details:

Comments and figures pertaining to FY2015 are as compared to the FY2014 proposed budget and rates presented at the April 2013 Board of Trustees meeting.

Revenue Highlights and Assumptions

- Overall, the budgeted Operating Revenue increase is \$1,652,000 or 4.2% over FY2014's proposed budget.
- Occupancy projections assume Fall 2014 week two residence hall counts being the same as was proposed for Fall 2013 (3,525). Actual Fall 2013 week two residence hall occupancy was 3,547. Residence hall + apartment occupancy budgeted for Fall 2014 week two count is 4,036 vs. 4,053 proposed last year (Fall 2013.)
- Bond interest subsidy reduced as a result of federal budget sequester impact.
- Conference revenues reduced \$27,000 (-4.7%) due to anticipated reduced conference bookings.
- There is no increase proposed to the Viking Union building fee for 2014-15, 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 \$1,246,000 or 4.7%.
- Wages and Benefits increase \$218,000 or 3.5%. Primary drivers for the increase are additional staff to support division efforts to invest in student success and achievement; allowance for possible State cost of living increase, increase to the State minimum wage, and room and board increase for resident advisors.
- Dining services rates are under negotiation. The increase shown includes an estimated residential dining rate increase per the WWU-Aramark Agreement, and the implementation of an additional late-night dining option.
- Utilities: Taken together the various utilities expenditures decrease approximately \$31,000 (-2.4%), influenced primarily by the heat/natural gas line item.
- Maintenance and repairs increase \$119,000 or 5.8% to reflect anticipated labor and supply increases and increased maintenance needs.
- Institutional Services, which includes the University's Administrative Services Assessment (ASA) and University Police (Greencoat security staff) increases \$77,000 5.4%. The ASA recharge rate is projected to be 5.5% of adjusted revenue compared to 5% for FY2014.

Non-Operating Expenditures Highlights and Assumptions

- Allocations for major repairs and planned renovations increase \$157,000 or 4.4%. 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 \$333,000 or 9.5%. Upcoming projects include the addition of fire sprinklers to Nash & Kappa.
- Overall, budgeted Non-Operating expenditures and transfers increase \$405,000 or 3.2%.

WESTERN WASHINGTON UNIVERSITY - HOUSING AND DINING SYSTEM
PROPOSED OPERATIONS FOR BUDGET YEARS ENDING JUNE 30, 2014 & 2015

DRAFT
For Discussion only

	PROPOSED BUDGET 2013-14 As Presented to BOT		DRAFT BUDGET 2014-15 As of 3/4/13	PERCENT CHANGE		DIFFERENCE BUDGET \$
REVENUES						
Room and Board Payments	\$32,973,000	1	\$34,635,000	5.04%	2	\$1,662,000
Room and Board Fees and Penalties	160,500		160,500	0.00%		0
Investment Income	32,000		34,000	6.25%		2,000
Bond Interest Subsidy	304,574		295,637	-2.93%	3	(8,937)
Housing Rentals	100,850		100,850	0.00%		0
Conferences	573,069		546,069	-4.71%	4	(27,000)
Commissions	1,832,300		1,848,800	0.90%		16,500
Viking Union Programs & Services	148,700		150,700	1.34%		2,000
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	103,150		108,150	4.85%	5	5,000
Total Revenues	\$39,087,722		\$40,739,285	4.23%		\$1,651,563
OPERATING EXPENDITURES						
Salaries & Benefits	\$6,337,090		\$6,555,465	3.45%	5	\$218,375
Food Service (net of capital contribution)	11,381,927		11,954,371	5.03%	6	\$572,444
Communications	367,230		367,999	0.21%		\$769
Electricity	776,935		782,023	0.65%		\$5,088
Heat	1,308,966		1,277,761	-2.38%	7	(\$31,205)
Water/Sewer	436,227		462,358	5.99%		\$26,131
Refuse Disposal/Recycling	266,651		266,812	0.06%		\$161
Television Cable	111,725		116,725	4.48%		\$5,000
Maintenance & Repairs	2,058,865		2,178,203	5.80%		\$119,338
Operating Supplies	245,975		255,479	3.86%		\$9,504
Equipment	469,811		473,811	0.85%		\$4,000
Insurance	451,852		472,722	4.62%		\$20,870
Rentals and Operating Leases	9,475		14,475	52.77%		\$5,000
Re-charged Services & ASA	1,425,915		1,503,018	5.41%	8	\$77,103
Student Services Support	78,000		222,000	184.62%	9	\$144,000
Other Expenditures	810,639		880,519	8.62%	0	\$69,880
Total Operating Expenditures	\$26,537,283		\$27,783,741	4.70%		\$1,246,458
NON-OPERATING EXPENDITURES/TRANSFERS						
Bond Debt Service	\$5,459,189		\$5,373,965	-1.56%	1	(\$85,224)
R&R/ Minor Cap./Public Works Projects	3,579,850		3,737,246	4.40%		157,396
Other Transfers	0		0	0.00%		0
Transfer for capital plan support	3,511,400		3,844,333	9.48%	1	332,933
Total Non-Operating Expenditures	\$12,550,439		\$12,955,544	3.23%	2	\$405,105
Total Expenditures	\$39,087,722		\$40,739,285	4.23%		\$1,651,563
EXCESS (DEFICIT) OF REV OVER EXP	\$ 0		\$ (0)	0.00%		\$ (0)

SEE FOOTNOTES FOR EXPLANATIONS

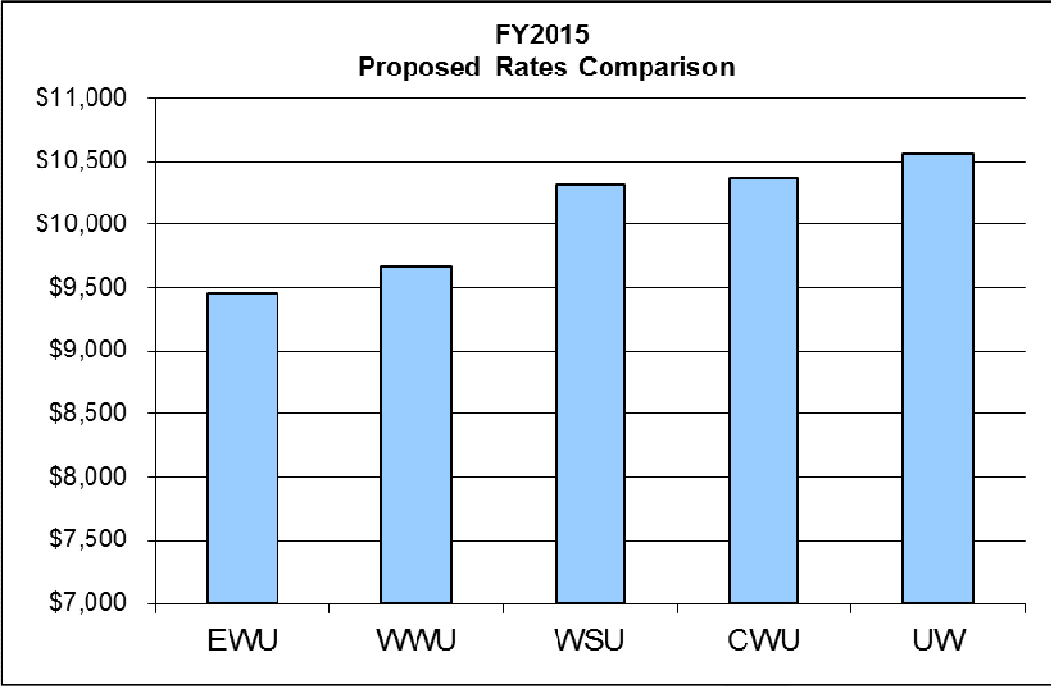
FOOTNOTES TO THE ATTACHED 2014-15 HOUSING & DINING SYSTEM PROPOSED BUDGET

- (1)
) The 2013-14 Budget, as approved by the WWU Board of Trustees April 2013, is shown to compare with the 2014-15 proposed budget. After Fall opening, adjustments were made based on an analysis of opening residence hall and apartment occupancy. Those October 2013 revisions are not shown here.
- (2)
) Room & Board rate increase is proposed at 4%. Percent change varies as voluntary meal plan revenues were adjusted to match actuals. Opening residence hall counts uses same as 2013-14 proposed opening counts.
- (3)
) Bond Interest Subsidy reduced per announced estimate of federal sequester impact.
- (4)
) Reduction in Conference/Guest Housing revenue based on anticipated Summer 2014 bookings. Rate increase is 2%.
- (5)
) FY2015 incorporates addition of residence life staff to support WWU academic success and retention efforts. Additional increases include allowance for State cost of living increase, and a minimum wage increase.
- (6)
) 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, and an adjustment to voluntary meal plan counts.
- (7)
) Natural gas budget reduced to reflect recent history and planned levels.
- (8)
) 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 5.5% vs. 5% for FY2014.
- (9)
) Support to Enrollment & Student Services components that support the University Residences mission. FY2015 increase due to institutional re-basing decision which, at the time of the 2013-14 rate presentation, was not formalized and incorporated into the expense line.
- (10)
) This category includes expenditures for: Support provided to other departments pertaining to URes programs, student activities, audit, consultant, and client services, printing & copies, laundry, and other. Other increases include increases to printing, training, & travel.
- (11)
) Comparative variance in debt service expense due to the FY2014 amount being based on a prior debt service schedule while the FY2015 figure reflects the System debt service schedule after the 2012 bond issuance. Bond debt service amount shown includes BAB federal credit payment.
- (12)
) 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
FY2015 (3/3/14)**

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

	EWU	WWU	WSU	CWU	UW
	Gold	125 Block	Level 2	"Large"	"Level 4"
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 to Approx. 14 meals/wk	Equivalent of 13-15 meals/wk
Average cost of Double Room across Bldg Types	\$9,628	\$9,662	\$10,312	\$10,366	\$10,449
Additional Charges not part of the base	\$120	\$0	\$0	\$0	\$108
Incentives	\$295 value if sign by May 14th.	\$0	\$0	\$0	\$0
Cost of a Double Room and Meals:	\$9,453	\$9,662	\$10,312	\$10,366	\$10,557
Rate of Increase Over 2013-14	Proposed 6.8%	Proposed 4.0%	Approved 3.2%	Estimated 5%	Proposed 3% - 3.5%



DRAFT

**WESTERN WASHINGTON UNIVERSITY
HOUSING & DINING SYSTEM**

DRAFT: For Discussion Only

TEN YEAR HISTORY OF RESIDENCE HALL RATES

<u>ACADEMIC YEAR</u>	<u>ACADEMIC YEAR RATE with 125 BLOCK PLAN*</u>	<u>% OF CHANGE</u>
2004-05	\$6,242	
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%
2014-15	\$9,661	4.00%
10-Year Average Percentage Change		4.05%

* 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 2014-2015

Room & Board Plans: Academic Year (@ 4% increase)	<u>2013-14 Actual</u>	<u>at 4% incr. 2014-15 Proposed</u>	<u>2014-15 Cost per Month</u>
Double Room with Unlimited meal plan	\$9,656	\$10,042	\$1,116
Double Room with 125-Block meal plan	\$9,290	\$9,662	\$1,074
Double Room with 100-Block meal plan	\$8,932	\$9,289	\$1,032
Double Room w/ 75-Block meal plan	\$8,566	\$8,909	\$990
Triple Room with 125-Block meal plan	\$8,084	\$8,407	\$934
Single Room with 125-Block meal plan	\$10,279	\$10,690	\$1,188
Birnam Wood Apartment Rents: Academic Year (3% increase)			
Birnam Wood: <u>Monthly</u> rate per person per bed (Two bedrooms with 4 occupants)	\$340	\$354	\$354