

**WESTERN WASHINGTON UNIVERSITY
HOUSING & DINING SYSTEM
2016-2017 PROPOSED RATES**

**Presented to the Residence Hall Association & Associated Students Board of
Directors**

**PRO-FORMA SUMMARY:
March 3, 2016**

Introduction

The attached budget, rates and supporting documentation represents the recommendations for fiscal year 2016-17. This budget and rate proposal responsibly responds to inflationary pressures, maintains the core functions of Western's quality residential program, and helps position the System for pending significant facility renewals. As with every year, a major influence for planning came from the 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, System Renovations, and New Facility Planning

The System's capital planning is guided by the Enrollment and Student Services Housing & Dining Capital Plan which addresses the long term financial strength of the System and ensures that the System's facilities meet Western's enrollment plans, 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. The years ahead will see significant investment in this area in response to the recently-completed facilities condition assessment that identifies areas of investment necessary to respond to aging facilities, predicted renewals, and facility refurbishments. The details of this comprehensive review are still under analysis, and forthcoming fiscal planning will determine the level of investment necessary over the next several years. In addition, the System is in the planning stages for a new residential facility proposed for south campus and geared for upper division students. Renovation projects already planned for fiscal year 2017 include the renovation of Ridgeway Gamma, the Carver retail dining platform, and the replacement of the Nash boiler & heat exchanger.

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 responses to those impacts. The rate increase addresses external rate pressures such as inflationary and recharge rate increases, and reflects the continued financial positioning in response to the demands of needed facility renovations. 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%, with a contingency of 1% in the event of unforeseen elements in the program and facilities renovation planning arenas.

- The budget and rate materials presented below show that the System can support its 2016-17 programs with a rate increase of 3% based on our current understanding of expected inflationary pressures.
- A 3% increase is consistent with the long range financing plan presented to the Board of Trustees which projects annual increases for the System in the 3.5% -5% range over a ten year period.

Impact of the Rate Increase

- Residence Halls: At a 3% increase, a double room w/125 Meal Plan increases \$33/month or \$299 for the school year. At 4% that increase is \$44 per month.
- Birnam Wood: With 4 residents per unit: 3% increases the rent \$10.89/month or \$98 for the school year. At 4% that increase is \$14.56 per month.

Background Information and Revenue & Expenditure Details:

Comments and figures pertaining to 2016-17 are as compared to the 2015-16 proposed budget and rates presented at the April 2015 Board of Trustees meeting.

Revenue Highlights and Assumptions

- Overall, the budgeted Operating Revenue increase is \$995,170 or 2.4% over FY2016's proposed budget.
- Occupancy projections assume Fall 2016 week two residence hall counts being 50 students lower than was proposed for Fall 2015 (3,475 vs 3,525). Actual fall 2015 week two residence hall occupancy was 3,484. Residence hall + apartment occupancy budgeted for fall 2016 week two count is 3,975 vs. 4,033 proposed for fall 2015.
- Commissions increase per WWU-Aramark Agreement.
- Conference revenues decrease \$161,000 or 28% due to two large groups moving their summer 2016 programs to different venues. Both groups are expected to return summer 2017.
- Viking Union revenues increase slightly reflecting additional fee-based use by WWU and outside groups. The Building fee increase is proposed at \$4 per quarter, pending review and approval.

Operating Expenditures Highlights and Assumptions

- Budgeted Operating Expenditures are projected to increase by \$884,632 or 3%.
- Wages and Benefits increase \$275,000 or 3.98%. The budget incorporates estimates for salaried and student positions and minimum wage increases, and a 1.8% increase to classified staff. No additional FTE positions are planned.
- Dining services rates are under negotiation. The increase shown includes an estimated residential dining rate increase per the WWU-Aramark Agreement, and estimates of to-be-finalized programmatic additions.
- Utilities: Taken together the various utility expenditures increase approximately \$78,000 (2.8%) influenced primarily water/sewer, and an omission correction to the Refuse disposal/recycling line item. Natural Gas allocation reduced based on expected actual expenditures.
- Maintenance and repairs increase \$22,450 or 8.7% to reflect increased maintenance needs. Potential labor recharge increase is still pending.
- Institutional Services, which includes the University's Administrative Services Assessment (ASA) and University Police (Greencoat security staff) increases \$124,551, or 7.8% to reflect FY2017 estimate actual. The ASA recharge rate is projected to be 5.5% of adjusted revenue; the same percentage as FY2016.

Non-Operating Expenditures Highlights and Assumptions

- Allocations for major repairs and planned renovations and capital plan project costs or transfers decrease \$200,000 or -8%, while transfers into the capital plan for renovations increases \$307,000 or 5.8%. Significant review and planning based on the recently-completed facilities condition assessment is in process. Those results will guide future renovation projects, be they cash or debt funded.
- Overall, budgeted Non-Operating expenditures and transfers increase \$111,000 or 0.9%.

**WESTERN WASHINGTON UNIVERSITY - HOUSING AND DINING SYSTEM
PROPOSED OPERATIONS FOR BUDGET YEARS ENDING JUNE 30, 2016 & 2017**

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	PROPOSED BUDGET 2015-16 As Presented to BOT	DRAFT BUDGET 2016-17 As of 2/29/16	PERCENT CHANGE	DIFFERENCE BUDGET \$
REVENUES				
Room and Board Payments	\$35,630,000	\$36,291,000	1.86% 2	\$661,000
Room and Board Fees and Penalties	174,500	229,500	31.52% 3	55,000
Investment Income	34,000	49,000	44.12%	15,000
Bond Interest Subsidy	295,637	295,637	0.00%	0
Housing Rentals	110,850	125,850	13.53%	15,000
Conferences	562,099	401,330	-28.60% 4	(160,769)
Commissions	1,930,800	2,244,434	16.24% 5	313,634
Viking Union Programs & Services	148,900	161,000	8.13%	12,100
S & A Fee Distribution	1,268,182	1,268,182	0.00%	0
Building Fee	1,648,500	1,786,705	8.38% 6	138,205
Other	120,150	66,150	-44.94% 7	(54,000)
Total Revenues	\$41,923,618	\$42,918,788	2.37%	\$995,170
OPERATING EXPENDITURES				
Salaries & Benefits	\$6,916,853	\$7,191,987	3.98% 8	\$275,134
Food Service (net of capital contribution)	12,358,494	12,640,707	2.28% 9	\$282,213
Communications	363,580	347,080	-4.54%	(\$16,500)
Electricity	777,335	789,835	1.61%	\$12,500
Heat	1,193,160	1,103,160	-7.54% 10	(\$90,000)
Water/Sewer	534,799	594,499	11.16%	\$59,700
Refuse Disposal/Recycling	207,051	300,651	45.21% 11	\$93,600
Television Cable	121,725	123,725	1.64%	\$2,000
Maintenance & Repairs	2,338,738	2,541,188	8.66% 12	\$202,450
Operating Supplies	308,650	346,130	12.14%	\$37,480
Equipment	461,712	383,838	-16.87%	(\$77,874)
Insurance	484,102	484,102	0.00%	\$0
Rentals and Operating Leases	15,475	34,925	125.69% 13	\$19,450
Re-charged Services & ASA	1,562,936	1,687,487	7.97% 14	\$124,551
Student Services Support	222,000	222,000	0.00% 15	\$0
Other Expenditures	1,025,816	985,744	-3.91% 16	(\$40,072)
Total Operating Expenditures	\$28,892,426	\$29,777,058	3.06%	\$884,632
NON-OPERATING EXPENDITURES/TRANSFERS				
Bond Debt Service	\$5,208,122	\$5,212,160	0.08%	\$4,038
R&R/ Minor Cap./Public Works Projects	2,500,000	2,300,000	-8.00% 17	(200,000)
Other Transfers	0	0	0.00%	0
Capital plan projects: Expensed or transferred	5,323,070	5,629,570	5.76% 18	306,500
Total Non-Operating Expenditures	\$13,031,192	\$13,141,730	0.85%	\$110,538
Total Expenditures	\$41,923,618	\$42,918,788	2.37%	\$995,170
EXCESS (DEFICIT) OF REV OVER EXP	\$ 0	\$ (0)	0.00%	\$ (0)

SEE NEXT PAGE FOR FOOTNOTE EXPLANATIONS

FOOTNOTES TO THE ATTACHED 2016-17 HOUSING & DINING SYSTEM PROPOSED BUDGET

- (1) The 2015-16 Budget, as approved by the WWU Board of Trustees April 2015, is shown to compare with the 2016-17 proposed budget. After Fall 2015 opening, adjustments were made based on an analysis of opening residence hall and apartment occupancy. Those October 2015 revisions are not shown here.
- (2) Room & Board rate increase is proposed here at 3%. Percent change varies due to adjustments to opening occupancy and to attrition. Opening residence hall count reduced by 50 from 2015-16 proposed opening.
- (3) No increase in underlying fee/penalties rates. Line item increase due to change in location re: Other Revenue.
- (4) Conference revenue reduced due to two long-standing groups meeting elsewhere for Summer 2016. Expect their return in Summer 2017.
- (5) Food service commissions adjusted to reflect expected actuals.
- (6) Building Fee Revenue drafted at a \$4/Qtr fee increase per A.S Services & Facilities Council recommendation. Pending review at the AS Board.
- (7) See note 3 re: fees & penalties
- (8) FY2017 increase incorporates cost of living increases at WWU recommended level and per bargaining unit agreements, along with estimated minimum wage increase. No additional FTEs.
- (9) Food Service 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 still under negotiation.
- (10) Natural gas budget reduced to reflect recent history and planned levels.
- (11) Cell error resulted in FY2016 recycling charge being omitted. Inclusion in 2017 approximately \$73,000.
- (12) Increase reflects additional investment in facilities per consultant study. Recharge rate increase estimated here at 4.5%. Final outcome available in June
- (13) Rentals & operating leases increase primarily due to estimated actual facility storage expenses.
- (14) Line item total includes administrative services assessment (ASA) and the expense for University Police Greencoats (Safety Assistants). The ASA rate used for FY2017 is 5.5%; same as FY2016.
- (15) Transfers to Enrollment & Student Services programs that support the University Residences mission.
- (16) 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. Increase primarily due to shift of one position from a payroll line to a recharge line, and addition of software licensing for facilities. Slight increases in printing, training, & travel.
- (17) Major repairs allocation reduced here and incorporated into the Transfer to Capital Plan line reflecting pending review of facilities condition assessment.
- (18) 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 and significant renovations for University Residences and the Viking Union.

**WASHINGTON PUBLIC UNIVERSITIES
RESIDENCE HALL ROOM & BOARD PLAN COSTS
FY2017 (as of 2/29/16)**

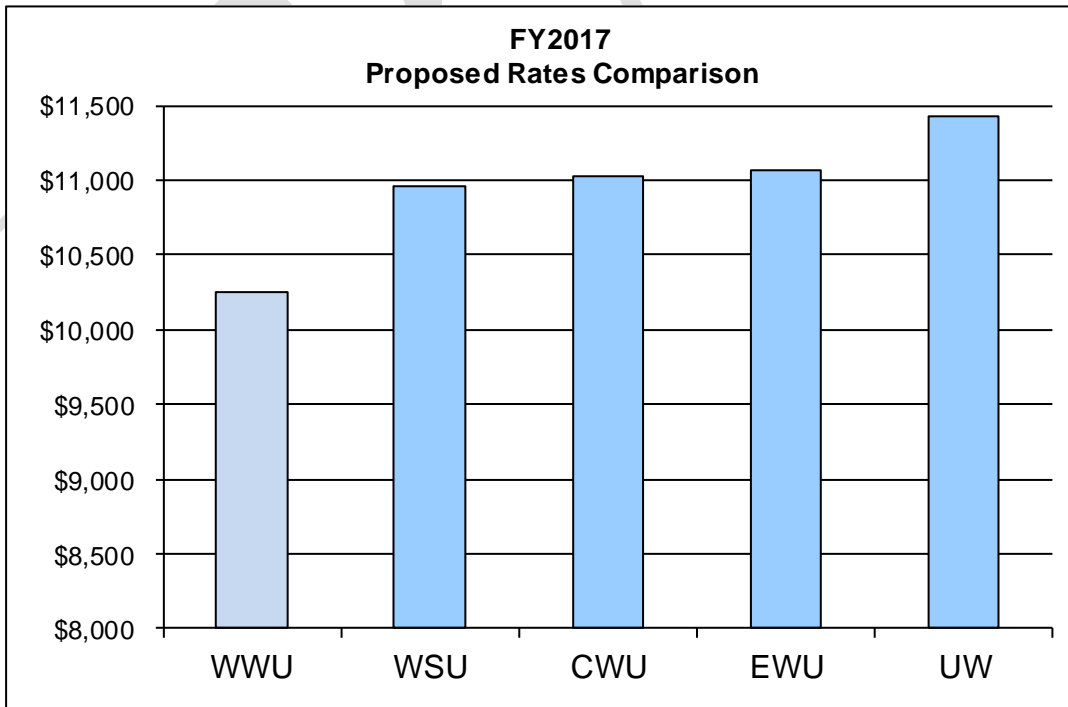
Weighted Ave. Double Room Cost with Best-as-Possible Meal Plan Comparison:

	WWU	WSU	CWU	EWU	UW
	125 Block	Level 2	"Large"	Gold	"Level 4"
Live on Requirement?	None	Freshmen	Freshmen	First year students	None
Type of Meal Plan	Meals & Points	Declining Balance	Declining Balance	Meals & Points	Declining Balance
Elements of the Meal Plan	Approx. 12+ meals/wk + \$480 Points	Equivalent to Approx. 14 meals/wk	Equivalent to Approx. 14 meals/wk	Equivalent to 2 to 3 meals per day	Equivalent of 13-15 meals/wk
Average cost of Double Room across Bldg Types	\$10,251	\$10,955	\$11,031	\$10,945	\$11,427
Additional Charges not part of the base	\$0	\$0	\$0 ¹	\$120 ²	\$108
Cost of a Double Room and Meals:	\$10,251	\$10,955	\$11,031	\$11,065	\$11,535
Rate of Increase Over 2015-16	Proposed 3.0%	Approved Ave. 3%	Proposed ~3.9%	Proposed Ave 6.4%	Proposed ~ 4%

Footnotes:

¹ Not show n: CWU incentive of \$1,000 for returning sophomore.

² Not show n: EWU incentive of \$290 in-kind services if sign by May 15th.



**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>
2006-07	\$6,784	
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	\$9,662	4.00%
2015-16	\$9,952	3.00%
2016-17	\$10,251	3.00%
10-Year Average Percentage Change		3.80%

* 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 2016-2017

Room & Board Plans: Academic Year (@ 3% increase)	<u>2015-16 Actual</u>	<u>at 3% incr: 2016-17 Proposed</u>	<u>2016-17 Cost per Month</u>
Double Room with Unlimited meal plan	\$10,342	\$10,652	\$1,184
Double Room with 125-Block meal plan	\$9,952	\$10,251	\$1,139
Double Room with 100-Block meal plan	\$9,570	\$9,857	\$1,095
Double Room w/ 75-Block meal plan	\$9,176	\$9,451	\$1,050
Triple Room with 125-Block meal plan	\$8,660	\$8,920	\$991
Single Room with 125-Block meal plan	\$11,013	\$11,343	\$1,260
Birnam Wood Apartment Rents: Academic Year (3% increase)			
Birnam Wood: <u>Monthly</u> rate per person per bed (Two bedrooms with 4 occupants)	\$365	\$376	\$376