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STUDENT HOUSING SERVICES  
2014/2015 BUDGET

PREPARED FOR THE BOARD OF GOVERNORS

APRIL 10, 2014

STUDENT HOUSING SERVICES  
2014/2015 BUDGET

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## **INTRODUCTION**

Student Housing Services (SHS) is responsible for the management of the University's residence system providing accommodation to approximately 5,000 primarily undergraduate students living in single student communities (ten buildings ranging in capacity from 50 to 1,770 students) and 297 families and 110 upper year single students in townhouses and apartments situated at two sites on the perimeter of the campus. Lambton Hall, offline for the entire 2013/2014 year for a major building renovation, will be back online for the 2014/2015 year. Macdonald Hall will no longer function as a residence building in 2014/2015, resulting in the loss of approximately 150 residence spaces.

Student Housing Services adds significantly to the quality of the student experience on campus through personal, emotional and academic support by residence life staff and through active student life programming. As an ancillary operation, SHS is required to cover full costs from generated revenues. Costs include direct operating costs as well as debt servicing, renovations, housekeeping, utilities, security, administration, and the general support and supervision of the student residents. A significant portion of the unit's expenditure budget (approx. 46% in 2014/2015) is allocated for capital financing and major renovations reflecting the capital-intensive nature of operations.

In preparing the attached 2014/2015 budget, SHS goals were to:

- continue to enhance the marketability of our residence halls and accommodation to better support the overall campus recruitment of students and the changing needs of the students;
- continue to implement capital projects consistent with our Board-approved Deferred Maintenance Plan which is designed to address deferred maintenance, aesthetic renewal, and security;
- complete renovations on Lambton Hall to include primarily two bedroom suite style residence on the 1<sup>st</sup> and 2<sup>nd</sup> floors; and
- contain cost increases to students to support accessibility

## **CONSULTATION PROCESS**

Student Housing Services engaged in an extensive consultation process with Interhall Council (IHC), the residence student government. IHC representatives were involved in discussions that outlined the departmental goals for the budget, capital plans, current operating budget and forecasts, future initiatives in SHS, research related to fee structures at other universities and in establishing the proposed residence fees. In addition, Student Housing Services presented the complete budget to the full Interhall Council on March 18th, 2014. The students have consistently demonstrated an understanding of budgeting principles, challenges facing SHS, and the need for long-term perspectives. Their significant contributions and support of the budget presented herein are sincerely appreciated.

## **FACILITIES IMPROVEMENTS**

Student Housing Services, through Physical Resources, completed a preliminary facilities review of all buildings in 2003, which was used as the starting point to develop a rolling Deferred Maintenance Plan. Student Housing Services also uses VFA software for building assessment. Costs incurred during the first five year period between 2006/2007 and 2010/2011 were \$35.237

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million, with another \$45.029 million identified over the next five year period between 2011/2012 and 2015/2016. Costs are incurred in three major areas:

Deferred Maintenance - major work completed prior to 2014/2015 includes exterior & roof repairs to 78 College Avenue, Johnston, Macdonald, Mills, Maids, South, Lambton & Lennox-Addington Halls, as well as complete washroom renovations in Johnston, Lennox-Addington, Maids & Watson Halls.

Aesthetic Improvements – these improvements are particularly important with respect to recruitment in an increasingly competitive environment, as well as for attracting returning students back to residence. Major work completed prior to 2014/2015 includes interior common area improvements (lobbies, washrooms, kitchens, lounges, corridors, etc) in East, Lambton, Johnston, East Village townhouses, Lennox-Addington, Macdonald, Maids, Watson, and South (10 of 12 wings) residences as well as complete interior renovations and new furniture in Lennox-Addington and East Residence suites.

Lambton Hall – approximately 75% of the total estimated \$13.500 million interior renovation is forecast for completion in 2013/2014, with the remainder of the work to be completed in the summer of 2014.

Table G identifies the planned capital projects for the summer of 2014 totaling \$9.937 million. This represents a significant investment in our residence system but is critical for our recruitment efforts.

**2013/2014 – FORECAST COMPARED TO BUDGET (refer to Table A)**

The 2013/14 Student Housing budget was prepared using a conservative occupancy estimate of 94% for the academic year, whereas estimated occupancy is approximately 97%, creating a forecasted surplus of \$.801 million. Student Housing also prepares a multi-year capital plan and forecast, which sets renovation expense and borrowing levels each year. Overall spending is expected to be under budget by approximately \$4.242 million, also creating a forecasted surplus. Renovation cost estimates are used when the annual budget is set in March, as more accurate costs are not yet available. The primary reason for this variance is the major Lambton Hall renovation project, budgeted at \$13.500 million, with forecasted costs of \$10.268 million. This project is still expected to be on budget overall with the remainder of the work to occur during the summer of 2014. Other factors contributing to the renovation variance are the conversion of 35 townhouse units from family to single student residence at 78 College Avenue, which was under budget by \$.203 million, and unspent contingencies of \$.300 million.

Other smaller surpluses result from: Operating expense, \$.334 million, due to lower than expected vandalism, repair & maintenance costs; Debt Servicing, \$.325 million, due to \$7.800 million in borrowing budgeted for a May 1<sup>st</sup> 2013 start date, with actual borrowing not occurring until October 2013. (see Table A for details).

These surpluses contribute to a net decrease in fund balance of \$(1.134) million for the 2013/2014 year, compared to the budgeted \$(6.972) million decrease. After the repayment of an older internal loan, the closing 2013/2014 fund balance is \$4.542 million. (See Table A for details).

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**2014/2015 BUDGET ASSUMPTIONS:**

**Proposed Fees:**

It is proposed that 2014/2015 single student residence fees increase by 2% across the board. This proposed rate increase maintains Guelph's position in the mid-range when compared to the residence fees of nine other Ontario universities (refer to Table F).

Details of residence fees per semester are shown on Table D. These increases are expected to accommodate cost increases in SHS and the funding requirement for facility renewal as we continue to implement our Deferred Maintenance Plan.

Family Housing rent increases are governed by the Residential Tenancies Act and will increase this year by the allowable 0.8%. 35 three-bedroom townhouses and five one-bedroom units are available for upper year single students. (fees shown in Table D). Table E contains comparisons of estimated off-campus rental costs and the vacancy rates in the city.

**Other Assumptions:**

In constructing the 2014/2015 SHS budget the following major assumptions were made:

1. Average occupancy rates (during the fall/winter semesters) of 95% in single student residences and 93% annually in family housing. This is an increase of 1% in single student occupancy compared to last year's budget assumptions, in an effort to more accurately reflect occupancy levels in recent years.
2. Personnel increases are consistent with University budget assumption guidelines.
3. Provision for renovations of \$9.937 million (refer to Table G) to address a major renovation to Lambton Hall as well as other deferred maintenance and aesthetic renewal in other residence buildings as part of the Deferred Maintenance Plan.
4. Costs for centrally provided services have increased by 2%.

**CLOSING FUND BALANCE – 2014/2015 BUDGET**

The budget presented here will produce a Closing Fund Balance of \$1.965 million at April 30, 2015.

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Table A

University of Guelph  
Student Housing Services  
2013/2014 Forecast To Budget Comparison  
In Thousands \$

	2013/2014 Forecast		2013/2014 Budget		Variance
Revenue					
Student Contracts	27,150	85%	26,349	84%	801
Family Housing	3,886	12%	4,025	13%	(139)
Other sources	1,012	3%	962	3%	50
<b>Total Revenue</b>	<b>32,048</b>	<b>100%</b>	<b>31,336</b>	<b>100%</b>	<b>712</b>
Expenses					
Personnel	5,380	17%	5,559	18%	179
Institutional Charges	4,939	15%	4,939	16%	0
Custodial Charges	2,805	9%	2,840	9%	35
Operating	5,016	16%	5,350	17%	334
Travel	23	0%	34	0%	11
Renovations*	6,491	20%	10,733	34%	4,242
Debt Servicing - external	7,055	22%	7,380	24%	325
Net Transfer	1,473	5%	1,473	5%	0
<b>Total Expenses</b>	<b>33,182</b>	<b>104%</b>	<b>38,308</b>	<b>122%</b>	<b>5,126</b>
Increase (Decrease) in Fund Balance	(1,134)	-4%	(6,972)	-22%	5,838
Fund Balance - Opening	11,036		11,036		0
Less Repayment of Internal Loan**	(5,360)				
<b>Fund Balance - Closing***</b>	<b>4,542</b>		<b>4,064</b>		<b>5,838</b>

\* Total 2013/2014 budgeted Renovation costs of \$18.620 million are forecasted at \$14.378 million, for a positive variance of \$4.242 million. The primary reason for this variance is the major Lambton Hall renovation project, budgeted at \$13.500 million, with forecasted costs of \$10.268 million. This project is still expected to be on budget overall, with the remainder of the work to occur during the summer of 2014.

\*\* The \$5.360 million repayment of the East Village Townhouse internal loan will reduce the amount of Net Transfer expense in future years by \$.609 million. (See Table C)

\*\*\* Fund Balances include only Unappropriated Balances. Total Unrestricted Net Assets per audited financial statements of \$(.842) million included unrealized losses on interest rates swaps of \$11.878 million as of April 30, 2013. These swaps are used to lock in long-term interest costs on bank financing, and there is no plan to realize any portion of this unrealized position. Therefore it is excluded on this presentation as it does not form part of the annual budget planning considerations.

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Table B

University of Guelph  
Student Housing Services  
2014/2015 Operating Budget  
In Thousands \$

	2012/2013 Actual		2013/2014 Forecast		2014/2015 Budget *	
<b>Revenue</b>						
Student Contracts	27,478	84%	27,150	85%	28,133	85%
Family Housing	3,810	12%	3,886	12%	3,998	12%
Other Sources	1,388	4%	1,012	3%	949	3%
<b>Total Revenue</b>	<b>32,676</b>	<b>100%</b>	<b>32,048</b>	<b>100%</b>	<b>33,080</b>	<b>100%</b>
<b>Expenses</b>						
Personnel	5,484	17%	5,380	17%	5,621	17%
Institutional Charges	4,842	15%	4,939	15%	4,783	14%
Custodial Charges	2,784	9%	2,805	9%	2,809	8%
Operating	4,575	14%	5,016	16%	5,215	16%
Travel	33	0%	23	0%	26	0%
Renovations	1,105	3%	6,491	20%	8,673	26%
Debt Servicing - external	6,503	20%	7,055	22%	7,516	23%
Net Transfer	1,394	4%	1,473	5%	1,014	3%
<b>Total Expenses</b>	<b>26,720</b>	<b>82%</b>	<b>33,182</b>	<b>104%</b>	<b>35,657</b>	<b>108%</b>
Increase (Decrease) in Fund Balance	5,956	18%	(1,134)	-4%	(2,577)	-8%
Fund Balance - Opening	5,080		11,036		4,542	
Less Repayment of Internal Loan**			(5,360)			
Fund Balance - Closing ***	11,036		4,542		1,965	

\* The 2014/2015 budget includes Lambton Hall (approximately 386 bedspaces), which was offline for renovations in 2013/2014, and excludes Macdonald Hall (approximately 150 bedspaces) as a residence building.

\*\* The \$5.360 million repayment of the East Village Townhouse internal loan will reduce the amount of Net Transfer expense in future years by \$.609 million. (See Table C)

\*\*\* Fund Balances include only Unappropriated Balances. Total Unrestricted Net Assets per audited financial statements of \$(.842) million included unrealized losses on interest rates swaps of \$11.878 million as of April 30, 2013. These swaps are used to lock in long-term interest costs on bank financing, and there is no plan to realize any portion of this unrealized position. Therefore it is excluded on this presentation as it does not form part of the annual budget planning considerations.

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University of Guelph  
Student Housing Services  
2014/2015 Net Transfers  
in Thousands \$

	<u>Actual</u> 2012/2013	<u>Forecast</u> 2013/2014	<u>Budget</u> 2014/2015
<u>Summary:</u>			
Internal Loans (Principal and Interest):			
<u>Facility</u>	<u>End Date</u>		
Lennox-Addington Mortgage	2021	195	195
Village Townhouses	2025	609	0
Wellington Woods Mortgage	2021	144	144
Total Internal Financing Loans	948	948	339
<u>Other Transfers:</u>			
Interest Paid on Interfund Balances	(80)		
Programming Transfers	1		
Multi-Year Plan Two (MYP2) Budget Reduction Target			150
Contribution to Student Affairs Programming Costs	525	525	525
Net Transfers	1,394	1,473	1,014



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Table D

University of Guelph  
Student Housing Services  
Proposed Fees  
Rounded to Nearest Dollar

		<u>Actual 2013/2014</u>	<u>Proposed Fee 2014/2015</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
<u>SINGLE STUDENT (per semester)</u>					
North/South	Double	2,803	2,859	56	2.0%
	Single	3,276	3,342	66	2.0%
East	Double	3,038	3,099	61	2.0%
	Single	3,422	3,490	68	2.0%
East Village	Single	3,730	3,805	75	2.0%
Lambton	Suite	-	3,393	-	-
West Residence					
	78 College Avenue 1-bdrm	3,940	4,019	79	2.0%
	78 College Avenue 3-bdrm	3,191	3,255	64	2.0%
Grad House	Single	2,854	2,911	57	2.0%
<u>FAMILY (per month)</u>					
(a) Wellington Woods		1,078	1087	9	0.8%
(b) 78 College Avenue					
1 Bedroom Apartment - 660 SQ. ft		879	886	7	0.8%
1 Bedroom Apartment - 715 SQ. ft		927	934	7	0.8%
1 Bedroom Apartment - 777 SQ. ft		932	939	7	0.8%
2 Bedroom Apartment		1023	1031	8	0.8%
Townhouse		1,078	1087	9	0.8%

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Table E

University of Guelph  
Student Housing Services  
Comparison of On/Off Campus Accommodation Rates  
Rounded to Nearest Dollar

	<u>Off-Campus</u>	<u>Notes</u>	<u>On-Campus</u>	<u>Notes</u>
<u>SINGLE STUDENT</u>				
<p>There is a great variation in off-campus accommodation. There is also a great variation in cost. The costs reported under Off Campus are "typical" or average costs per room per month.</p>				
Single Room in private home	425-525	#1	N/S single	835
Shared Apartment	400-500	#1 #2	East Single	873
Shared House/Suite	375-500	#2	Townhouse	951
 <u>FAMILY</u>				
1 Bedroom Apartment	600-950		886 - 940	
2 Bedroom Apartment/Townhouse	700-1100		1,031 - 1,087	
 <u>OFF CAMPUS VACANCY RATE (for Guelph as per CMHC)</u>				
October 2008	2.30%			
October 2009	4.10%			
October 2010	3.40%			
October 2011	1.10%			
October 2012	1.40%			
October 2013	1.90%			

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#1 Most students must sign a 12 month lease for off-campus accommodation - ability to sublet during the summer months varies

#2 Most rents for shared apartments & houses do not include utilities

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Table F

University of Guelph  
Student Housing Services  
Annual Single Student Residence Rate Comparisons  
Rounded to Nearest Whole Dollar

		<b>DOUBLE ROOM</b>					
		2013-2014		2014-2015		% Increase	
Ranking				Ranking			
1	UC - U of Toronto	6,934		1	UC - U of Toronto	7,073	2.0%
2	Queen's	6,542		2	Queen's	6,803	4.0%
3	Western	6,269		3	Western	6,551	4.5%
4	Wilfrid Laurier	5,646		4	Wilfrid Laurier	5,815	3.0%
<b>5</b>	<b>GUELPH</b>	<b>5,605</b>		5	McMaster	5,760	4.0%
6	McMaster	5,540		<b>6</b>	<b>GUELPH</b>	<b>5,717</b>	<b>2.0%</b>
7	Windsor	5,344		7	Windsor	5,397	1.0%
8	Waterloo	5,016		8	Waterloo	5,142	2.5%
9	Carleton	4,959		9	Carleton	5,107	3.0%
10	York	4,706		10	York	4,880	3.7%

		<b>SINGLE ROOM</b>					
		2013-2014		2014-2015		% Increase	
Ranking				Ranking			
1	UC - U of Toronto	7,035		1	UC - U of Toronto	7,176	2.0%
2	Western	6,993		2	Western	7,308	4.5%
3	Queen's	6,650		3	Queen's	6,916	4.0%
4	Windsor	6,590		<b>4</b>	<b>GUELPH</b>	<b>6,683</b>	<b>2.0%</b>
<b>5</b>	<b>GUELPH</b>	<b>6,552</b>		5	Windsor	6,656	1.0%
6	McMaster	6,260		6	McMaster	6,510	4.0%
7	Wilfrid Laurier	6,180		7	Wilfrid Laurier	6,366	3.0%
8	Carleton	5,944		8	Carleton	6,123	3.0%
9	Waterloo	5,592		9	Waterloo	5,732	2.5%
10	York	5,399		10	York	5,599	3.7%

		<b>SUITE/APARTMENT/TOWNHOUSE - 4 bedroom</b>					
		2013-2014		2014-2015		% Increase	
Ranking				Ranking			
1	Western	8,505		1	Western	8,888	4.5%
2	McMaster	7,700		2	McMaster	8,008	4.0%
3	UT - Scarborough	7,613		3	UT - Scarborough	7,993	5.0%
<b>4</b>	<b>GUELPH</b>	<b>7,459</b>		<b>4</b>	<b>GUELPH</b>	<b>7,608</b>	<b>2.0%</b>
5	Carleton	7,161		5	Carleton	7,376	3.0%
6	Windsor	7,144		6	Queen's	7,332	4.0%
7	Queen's	7,050		7	Windsor	7,216	1.0%
8	Waterloo	6,675		8	Waterloo	6,842	2.5%
9	York	6,551		9	York	6,794	3.7%
10	Wilfrid Laurier	6,315		10	Wilfrid Laurier	6,504	3.0%

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Table G

University of Guelph  
Student Housing Services  
2014/2015 Planned Capital Projects  
in Thousands \$

<b>Building</b>	<b>Project</b>	<b>Budgeted Project Cost</b>
<b>South</b>	Replace Condensate Pumps	50
	Interior Improvements (Harbour & Schooner)	2,300
	Student Housing Office Renovations	700
	DHW Converter/Cold Water Valves	80
	Electrical System Maintenance	96
<b>Lambton</b>	Major Interior Renovation	3,262
	Furniture Replacement	900
<b>Lennox-Addington</b>	Roof Resurface	100
<b>Mills</b>	Masonry Repairs	200
	Fire Alarm Upgrades	176
	Replace Carpet in All Rooms	200
	Repaint All Rooms	150
<b>Maids</b>	Exterior Wall Repairs	50
<b>Watson</b>	Entrance Concrete Stone Repairs	105
<b>East</b>	Electrical System Maintenance	8
<b>Family Housing</b>	Exterior Stairs	700
	Wellington Woods Concrete Repairs	100
<b>Other</b>	Misc Painting	100
	Vermiculite Removal	10
	Contingency	350
	2015/2016 Design Fees	300
<b>Total Capital Projects</b>		<b>9,937</b>
<b>Amount to be Financed - Board Approved Limit for 2014/15</b>		<b>1,264</b>
<b>Total in 14/15 Budget</b>		<b>8,673</b>