
STUDENT HOUSING SERVICES
2010/2011 BUDGET

PREPARED FOR THE FINANCE COMMITTEE OF THE BOARD OF GOVERNORS

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INTRODUCTION

Student Housing Services (SHS) is responsible for the management of the University's residence system providing accommodation to approximately 4,800 primarily undergraduate students living in single student communities (ten buildings ranging in capacity from 50 to 1,770 students) and 294 families and 90 upper year single students in townhouses and apartments situated at two sites on the perimeter of the campus. 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. 44%) is allocated for capital financing and major renovations reflecting the capital-intensive nature of operations. In addition, 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.

In preparing the attached 2010/2011 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 rolling Five Year Facilities Plan to address deferred maintenance and aesthetic renewal (entering year five of the initial plan as approved by the Board of Governors)
- minimize borrowing by funding the majority of renovation costs from current operations
- continue to make enhancements to the security of the residences by installing perimeter access devices and video surveillance
- endeavor to 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 part of 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 residence fees. In addition to this, Student Housing Services presented the complete budget to the Interhall Council as a whole on March 22, 2010. The students have consistently demonstrated an understanding of budgeting principles, challenges facing SHS, and the need for long-term perspectives. They commit many hours meeting with SHS staff to consider the operating/capital needs and long-term residence fee strategies. Their significant contributions to 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. This preliminary review identified an estimated \$42.5M in deferred maintenance costs (excluding refurbishments and improvements) over the next 10 years and was used as the starting point to develop a rolling Five Year Facilities Plan that invests significant capital into three major areas.

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Deferred Maintenance - major work completed prior to 2010/2011 includes exterior & roof repair to Johnston, Macdonald, Mills, 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 for attracting returning students back to residence. Major work completed prior to 2010/2011 includes refurbishment of interior common area improvements (lobbies, washrooms, kitchens, lounges, corridors, etc) in East, Lambton, Macdonald, Maids, Watson, and South (Valley & Foothills) residences as well as complete interior renovations and new furniture in all East Residence suites.

Security – in 2009/2010, a perimeter access and security system was installed in Johnston, East, and Mills residences. In 2010/11 this project will be expanded to Lambton, Macdonald, Watson, and Maids Halls. Lennox-Addington and South residences will be completed the following year. This continued program will further enhance the security of the residence halls and population.

Table G identifies the planned capital projects for the summer of 2010.

2009/2010 – FORECAST COMPARED TO BUDGET (refer to Table A)

It is forecast that the combined operations of the single student and family housing operations will produce a net income of \$0.717 million compared to the budgeted net income of \$0.465 million resulting in a net positive variance to budget of \$0.252 million. This variance is primarily due to greater than budgeted new student acceptances which resulted in a higher single student occupancy rate (96% actual compared to 92% budgeted). Another factor contributing to this surplus was the decision to retire, from fund balances, two older internal loans for Mills and East residences that will result in a \$0.175 million reduction in net transfer payments (refer to Table C).

2009/2010 was year four of the Five Year Facilities Plan and \$9.597 million was budgeted for renovation and capital projects. The following table shows forecast versus budget.

2009/2010 Renovation and Capital Projects			
in Thousands \$			
	2009/2010 Budget	2009/2010 Forecast	Variance
Total Spending on all Projects	9,597	8,565	1,032
Deduct: Total Spending on Financed Projects	(6,663)	(5,062)	(1,601)
Remainder From Operations	2,934	3,503	(569)

Total spending on all renovation and capital projects is forecast to be \$1.032 million below budget. Two projects account for the majority of this variance. First, Lennox bathroom improvements budgeted at \$1.4 million, came in \$0.337 million below budget due to contractor pricing being more favorable than expected. Second, the budget for the perimeter access and security system in Johnston, East, and Mills residences was set at \$1.0 million before scope was fully developed or costs were known. This was also our first year of experience with this type of system, and because

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of these factors, this project is expected to be \$0.412 million below budget. Given the higher than anticipated 2009/2010 net income, an additional \$0.569 million will be contributed from operations (see Table A). This results in borrowing \$1.601 million less than budgeted. The Closing Fund Balance surplus as of April 30, 2010 is expected to be \$5.149 million compared to a budget of \$4.897 million (see Table A). These funds will be applied to assist the funding of major capital renewal projects consistent with the Five Year Facilities Plan.

2010/2011 BUDGET ASSUMPTIONS:

Proposed Fees:

It is proposed that 2010/2011 single student residence fees increase by 5.5% for East single rooms, 4.0% for all other single rooms, and 3.5% for other room types such as doubles, triples, quads, and apartments. The lower increase for all non-single rooms is based on the fact they are not as often a first choice among students compared to single rooms. A higher rate increase is being recommended for East single rooms as they have been recently renovated and refurbished and do not require the purchase of a meal plan.

With these changes, Guelph's fees remain competitive when compared to the residence fees of nine other Ontario universities (refer to Table F).

Last year, approximately 1% of the 2009/2010 fee increase (or \$0.225 million) was contributed to Student Affairs to assist with funding academic support program initiatives directed primarily to first year students. In 2010/2011, approximately 0.65% of the overall fee increase (or \$0.150 million) will be added to this contribution, bringing the total transfer to \$0.375 million in 2010/2011.

Details of residence fees per semester are shown on Table D. These increases are expected to accommodate cost increases in SHS (which exceed standard CPI) and the funding requirement for facility renewal as we continue to implement our Five Year Facilities Plan.

Family Housing rent increases are governed by the Residential Tenancies Act and will increase this year by the allowable 2.1%. This facility is much more sensitive to market pressures (vacancy rates and rental prices in the surrounding community) than are the single student operations. Due to increasing vacancies, a total of 45 2-bedroom units have been converted over the past two years to upper year single student housing (rates shown in Table D). This has brought vacancies down to a reasonable level. Table E contains comparisons of estimated off-campus rental costs and the vacancy rates in the city. 2010/2011 will be the last year with a full debt payment of \$1.290 million for the College Avenue loan taken in 1993. The final debt payment in 2011/2012 will be \$0.645 million.

Other Assumptions:

In constructing the 2010/2011 SHS budget the following major assumptions were made:

1. Average occupancy rates (during the fall/winter semesters) of 92% in single student residences and 93% annually in family housing.
2. Personnel increases are consistent with employee agreements and University budget assumption guidelines.
3. Provision for renovations of \$9.638M (refer to Table G) to address facility repairs, refurbishment, & security are included as part of the Five Year Facilities Plan (approved by the Board of Governors in December 2009) .

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4. Costs for centrally provided services have increased by 3%.

CLOSING FUND BALANCE – 2010/2011 BUDGET

The budget presented here will produce a Closing Fund Balance of \$2.367 million at April 30, 2011.

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Table A

University of Guelph
Student Housing Services
2009/2010 Forecast To Budget Comparison
In Thousands \$

	2009/2010 Forecast		2009/2010 Budget		Variance
Revenue					
Student Contracts	24,018	83%	23,570	83%	448
Family Housing	3,500	12%	3,479	12%	21
Other sources	1,254	4%	1,283	5%	-29
Total Revenue	28,772	100%	28,332	100%	440
Expenses					
Personnel	4,752	17%	4,850	17%	(98)
Institutional Charges	4,522	16%	4,522	16%	0
Custodial Charges	2,598	9%	2,598	9%	0
Operating	4,906	17%	5,003	18%	97
Travel	33	0%	39	0%	6
Renovations	3,503	12%	2,934	10%	(569)
Debt Servicing - external	6,126	21%	6,130	22%	4
Net Transfer	1,615	6%	1,791	6%	176
Total Expenses	28,055	98%	27,867	98%	(188)
Increase (Decrease) in Fund Balance	717	2%	465	2%	252
Fund Balance - Opening	4,432		4,432		0
Fund Balance - Closing*	5,149		4,897		252

* Fund Balances include only Unappropriated Balances.

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Table B

University of Guelph
Student Housing Services
2010/2011 Operating Budget
In Thousands \$

	2008/2009 Actual		2009/2010 Forecast		2010/2011 Budget	
Revenue						
Student Contracts	24,040	82%	24,018	83%	24,495	84%
Family Housing	3,493	12%	3,500	12%	3,563	12%
Other Sources	1,636	6%	1,254	4%	1,062	4%
Total Revenue	29,169	100%	28,772	100%	29,120	100%
Expenses						
Personnel	4,778	16%	4,752	17%	5,130	18%
Institutional Charges	4,367	15%	4,522	16%	4,658	16%
Custodial Charges	2,524	9%	2,598	9%	2,676	9%
Operating	5,068	17%	4,906	17%	5,049	17%
Travel	17	0%	33	0%	30	0%
Renovations	3,493	12%	3,503	12%	6,120	21%
Debt Servicing - external	5,658	19%	6,126	21%	6,659	23%
Net Transfer	2,667	9%	1,615	6%	1,580	5%
Total Expenses	28,572	98%	28,055	98%	31,902	110%
Increase (Decrease) in Fund Balance	597	2%	717	2%	(2,782)	-10%
Fund Balance - Opening	3,835		4,432		5,149	
Fund Balance - Closing *	4,432		5,149		2,367	

* Fund Balances include only Unappropriated Balances.

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Table C

University of Guelph
Student Housing Services
2010/2011 Net Transfers
in Thousands \$

	<u>Actual</u> <u>2008/2009</u>	<u>Forecast</u> <u>2009/2010</u>	<u>Budget</u> <u>2010/2011</u>
<u>Summary:</u>			
<u>Internal Loans (Principal and Interest):</u>			
<u>Facility</u>	<u>End Date</u>		
Lennox-Addington Mortgage	2021	195	195
East Residence Mortgage	2023	258	257
East Internal Loan - Final Payment	2019	27	
East Internal Loan - Full Principal		225	
Mills Renovations - Final Payment	2015	134	
Mills Renovations - Full Principal		797	
Village Townhouses	2025	609	609
Houses Mortgages	2008	33	
Wellington Woods Mortgage	2021	144	144
Family Housing Projects Loan	2010	202	185
Total Internal Financing Loans	2,624	1,390	1,205
<u>Other Transfers:</u>			
Interest Paid on Interfund Balances		52	
Mortgage Grant - Houses		(23)	
Contribution to Student Affairs Programming Costs		15	375
Residence Life Funding		(1)	
Net Transfers	2,667	1,615	1,580

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Table D

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

		Actual 2009/2010	Proposed Fee 2010/2011	Dollar Change	Percentage Change	Notes
<u>SINGLE STUDENT (per semester)</u>						
North/South	Double	2,416	2,501	85	3.5%	
	Single	2,812	2,924	112	4.0%	
East	Double	2,620	2,712	92	3.5%	
	Single	2,896	3,055	159	5.5%	
East Village	Single	3,201	3,329	128	4.0%	
West Residence						
78 College Avenue	Single	2,697	2,776	79	2.9%	
Wellington Woods	Single	2,625	2,704	79	3.0%	
Grad House	Single	2,625	2,678	53	2.0%	
<u>FAMILY (per month)</u>						
(a) Wellington Woods	continuing tenants	887	905	19	2.1%	#2
	new rentals	993	1013	21	2.1%	
(b) 78 College Avenue						
1 Bedroom Apartment - 660 SQ. ft		809	826	17	2.1%	
1 Bedroom Apartment - 715 SQ. ft		853	871	18	2.1%	
1 Bedroom Apartment - 777 SQ. ft		858	876	18	2.1%	
2 Bedroom Apartment		942	961	20	2.1%	
Townhouse		993	1013	21	2.1%	

#1 As of Fall 2009 an internet access fee of \$71.86 per semester will be included in the West Residence room fee.

#2 As of May 1, 2001, in conjunction with kitchen upgrades all new tenants paid the townhouse rate for 78 College Avenue. As of January 2010 only 3 of the units still have continuing tenants paying the lower rate.

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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	400-500	#1	N/S single	731
Shared Apartment	350-450	#1 #2	East Single	764
Shared House/Suite	350-500	#2	Townhouse	832
 <u>FAMILY</u>				
1 Bedroom Apartment	600-950		826 - 876	
2 Bedroom Apartment/Townhouse	700-1100		961 - 1,013	
 <u>OFF CAMPUS VACANCY RATE (for Guelph as per CMHC)</u>				
October 2004	3.30%			
October 2005	3.60%			
October 2006	2.80%			
October 2007	1.90%			
October 2008	2.30%			
October 2009	4.10%			

#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

		DOUBLE ROOM					
		2009-2010		2010-2011		% Increase	
Ranking				Ranking			
1	UC - U of Toronto	6,004		1	UC - U of Toronto	6,274	4.5%
2	Queen's	5,882		2	Queen's	6,088	3.5%
3	Western	5,058		3	Western	5,311	5.0%
4	Wilfrid Laurier	4,837		4	GUELPH	5,001	3.5%
5	GUELPH	4,832		5	Wilfrid Laurier	4,970	2.8%
6	Windsor	4,818		6	Windsor	4,963	3.0%
7	McMaster	4,704		7	McMaster	4,845	3.0%
8	Waterloo	4,478		8	Waterloo	4,613	3.0%
9	Carleton	4,269		9	Carleton	4,482	5.0%
10	York	4,183		10	York	4,392	5.0%

		SINGLE ROOM					
		2009-2010		2010-2011		% Increase	
Ranking				Ranking			
1	UC - U of Toronto	6,004		1	UC - U of Toronto	6,274	4.5%
2	Queen's	5,993		2	Queen's	6,202	3.5%
3	Windsor	5,942		3	Windsor	6,120	3.0%
4	Western	5,647		4	Western	5,929	5.0%
5	GUELPH	5,624		5	GUELPH	5,849	4.0%
6	Wilfrid Laurier	5,506		6	Wilfrid Laurier	5,671	3.0%
7	McMaster	5,286		7	McMaster	5,444	3.0%
8	Carleton	5,124		8	Carleton	5,380	5.0%
9	Waterloo	4,992		9	Waterloo	5,142	3.0%
10	York	4,796		10	York	5,036	5.0%

		SUITE/APARTMENT/TOWNHOUSE - 4 bedroom					
		2009-2010		2010-2011		% Increase	
Ranking				Ranking			
1	Western	6,883		1	Western	7,227	5.0%
2	UT - Scarborough	6,640		2	UT - Scarborough	6,972	5.0%
3	McMaster	6,473		3	McMaster	6,667	3.0%
4	Windsor	6,441		4	GUELPH	6,658	4.0%
5	GUELPH	6,402		5	Windsor	6,634	3.0%
6	Carleton	6,152		6	Carleton	6,460	5.0%
7	Queen's	6,112		7	Queen's	6,326	3.5%
8	Waterloo	5,960		8	Waterloo	6,138	3.0%
9	York	5,804		9	York	6,094	5.0%
10	Wilfrid Laurier	5,611		10	Wilfrid Laurier	5,779	3.0%

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Table G

University of Guelph
Student Housing Services
2010/2011 Planned Capital Projects
in Thousands \$

Building	Project	Budgeted Project Cost
South Residence	Interior improvements - Woodlands & Glacier	2,600
	Roof replacement	896
	Prairie Hall Desk	250
	Window replacement	100
Johnston Hall	Interior improvements	335
Lennox-Addington	Lennox exterior (cladding, doors, windows)	3,000
	Lennox elevator upgrade	170
Maids Hall	Roof replacement	40
Mills Hall	Interior common area improvements	100
	Roof replacement	140
East Residence	Stairwell lighting upgrades	50
Family Housing	Roofing & balcony	165
	Paving repairs	25
Other	Perimeter access security	740
	Electrical upgrades - misc buildings	337
	Contingency	300
	2010/2011 design fees	300
	Miscellaneous painting & caulking	70
	Facility improvements - misc buildings	20
Total Capital Projects		9,638
Amount to be Financed		3,518
Total in 10/11 Budget		6,120