
STUDENT HOUSING SERVICES
2011/2012 BUDGET

PREPARED FOR THE FINANCE COMMITTEE OF THE BOARD OF GOVERNORS

APRIL 6, 2011

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2011/2012 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 4,800 primarily undergraduate students living in single student communities (ten buildings ranging in capacity from 50 to 1,770 students) and 284 families and 97 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. 34% in 2011/2012) 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 2011/2012 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 six of the initial plan as presented to the PRPC of the Board of Governors)
- minimize borrowing by funding a significant portion of renovation costs from current operations
- continue to make enhancements to the security of the residences by installing perimeter access devices and video surveillance
- 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 the proposed residence fees. In addition, Student Housing Services presented the complete budget to the Interhall Council as a whole on March 21, 2011. 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 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. 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 2011/2012 includes exterior & roof repair to 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 2011/2012 includes interior common area improvements (lobbies, washrooms, kitchens, lounges, corridors, etc) in East, Lambton, Johnston, MacDonald, Maids, Watson, and South (Valley, Foothills, Woodlands & Glacier) residences as well as complete interior renovations and new furniture in all East Residence suites.

Security – in 2009/2010 and 2010/11, a perimeter access and security system was installed in Johnston, East, Mills, Lambton, Macdonald, Watson, and Maids Halls. In 2011/2012, Lennox-Addington will be brought on line as well. This continued programme will further enhance the security of the residence halls and population.

Table G identifies the planned capital projects for the summer of 2011.

2010/2011 – 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 loss of \$(1.272) million compared to the budgeted net loss of \$(2.782) million resulting in a net positive variance to budget of \$1.385 million. Roughly half of this variance is the result of a higher than expected new student enrolment resulting in a higher single student occupancy rate (96% actual compared to 92% budgeted). The remainder of the variance is due primarily to lower than budgeted renovation expense.

2010/2011 Renovation and Capital Projects
in Thousands \$

	2010/2011 Budget	2010/2011 Forecast	Variance
Total Spending on all Projects	9,638	9,294	344
Deduct: Total Spending on Financed Projects	-3,518	-3,922	404
Remainder From Operations	6,120	5,372	748

After making a \$0.125 million contribution to the sinking fund established to retire the College Avenue loan, the Closing Fund Balance surplus as of April 30, 2011 is expected to be \$4.780 million compared to a budget of \$3.395 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.

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2011/2012 BUDGET ASSUMPTIONS:

Proposed Fees:

It is proposed that 2011/2012 single student residence fees increase by 4.0% for single and double rooms, and 3% for other room types such as triples, quads, and apartments. Proposed rate increases reflect demand as well as the rates of surrounding competition. The lower increase for all other room types reflects the lower demand for these rooms compared to single and double rooms. With these changes, Guelph's fees remain competitive when compared to the residence fees of nine other Ontario universities (refer to Table F).

In 2009/2010, approximately 1% of the fee increase for that year (or \$0.225 million) was contributed to Student Affairs to support academic support program initiatives directed primarily to first year students. Another \$0.150 million was added in each of the 2010/2011 and 2011/2012 years, bringing the total contribution to \$0.525 million (refer to Table C).

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 0.7%. 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 and 10 1-bedroom units have been converted to upper year single student housing over the past three years (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.

2011/2012 marks the final year of the debt repayment for the College Avenue loan taken in 1993. The final regular interest payment of \$0.645 million will be made, as well as the principal repayment of \$13.0 million. A sinking fund was established at the time the loan was taken and contributions to this fund will enable the full \$13.0 million principal repayment in 2011/2012.

Other Assumptions:

In constructing the 2011/2012 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 University budget assumption guidelines.
3. Provision for renovations of \$8.981M (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).
4. Costs for centrally provided services have increased by 2%.

CLOSING FUND BALANCE – 2011/2012 BUDGET

The budget presented here will produce a Closing Fund Balance of \$5.280 million at April 30, 2012.

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Table A

University of Guelph
Student Housing Services
2010/2011 Forecast To Budget Comparison
In Thousands \$

	2010/2011 Forecast		2010/2011 Budget		Variance
Revenue					
Student Contracts	25,205	84%	24,495	84%	710
Family Housing	3,454	12%	3,563	12%	(109)
Other sources	1,180	4%	1,062	4%	118
Total Revenue	29,839	100%	29,120	100%	719
Expenses					
Personnel	4,942	17%	5,130	18%	188
Institutional Charges	4,658	16%	4,658	16%	0
Custodial Charges	2,676	9%	2,676	9%	0
Operating	5,018	17%	5,049	17%	31
Travel	29	0%	30	0%	1
Renovations	5,372	18%	6,120	21%	748
Debt Servicing - external	6,836	23%	6,659	23%	(177)
Net Transfer	1,580	5%	1,580	5%	0
Total Expenses	31,111	104%	31,902	110%	791
Increase (Decrease) in Fund Balance	(1,272)	-4%	(2,782)	-10%	1,510
Fund Balance - Opening	6,177		6,177		0
Less Investment in Debt Instruments*	(125)		0		(125)
Fund Balance - Closing**	4,780		3,395		1,385

* The \$.125 million investment in 2010/2011 will increase the value of the sinking fund established to retire the College Avenue interest-only loan in 2011.

** Fund Balances include only Unappropriated Balances.

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Table B

University of Guelph
Student Housing Services
2011/2012 Operating Budget
In Thousands \$

	2009/2010 Actual		2010/2011 Forecast		2011/2012 Budget	
Revenue						
Student Contracts	24,722	84%	25,205	84%	25,453	84%
Family Housing	3,489	12%	3,454	12%	3,560	12%
Other Sources	1,366	5%	1,180	4%	1,114	4%
Total Revenue	29,577	100%	29,839	100%	30,127	100%
Expenses						
Personnel	4,778	16%	4,942	17%	5,195	17%
Institutional Charges	4,519	15%	4,658	16%	4,751	16%
Custodial Charges	2,598	9%	2,676	9%	2,743	9%
Operating	4,950	17%	5,018	17%	5,139	17%
Travel	17	0%	29	0%	32	0%
Renovations	3,145	11%	5,372	18%	3,224	11%
Debt Servicing - external	6,176	21%	6,836	23%	6,813	23%
Net Transfer	1,646	6%	1,580	5%	1,730	6%
Total Expenses	27,829	94%	31,111	104%	29,627	98%
Increase (Decrease) in Fund Balance	1,748	6%	(1,272)	-4%	500	2%
Fund Balance - Opening	4,429		6,177		4,780	
Less Investment in Debt Instruments*			(125)			
Fund Balance - Closing *	6,177		4,780		5,280	

* The \$.125 million investment in 2010/2011 will increase the value of the sinking fund established to retire the College Avenue interest-only loan in 2011.

** Fund Balances include only Unappropriated Balances.

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Table C

University of Guelph
Student Housing Services
2011/2012 Net Transfers
in Thousands \$

	<u>Actual</u> 2009/2010	<u>Forecast</u> 2010/2011	<u>Budget</u> 2011/2012
<u>Summary:</u>			
Internal Loans (Principal and Interest):			
<u>Facility</u>	<u>End Date</u>		
Lennox-Addington Mortgage	2021	195	195
East Residence Mortgage	2023	257	257
Village Townhouses	2025	609	609
Wellington Woods Mortgage	2021	144	144
Family Housing Projects Loan	2010	202	
 Total Internal Financing Loans	 <u>1,407</u>	 <u>1,205</u>	 <u>1,205</u>
 <u>Other Transfers:</u>			
Interest Paid on Interfund Balances	24		
Contribution to Student Affairs Programming Costs	225	375	525
Student Life Funding	(10)		
 Net Transfers	 <u>1,646</u>	 <u>1,580</u>	 <u>1,730</u>

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Table D

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

		Actual 2010/2011	Proposed Fee 2011/2012	Dollar Change	Percentage Change	Notes
<u>SINGLE STUDENT (per semester)</u>						
North/South	Double	2,501	2,601	100	4.0%	
	Single	2,924	3,041	117	4.0%	
East	Double	2,712	2,820	108	4.0%	
	Single	3,055	3,177	122	4.0%	
East Village	Single	3,329	3,462	133	4.0%	
West Residence						
	78 College Avenue 2bdm	2,789	2,871	82	2.9%	#1
	78 College Avenue 1bdm	3,550	3,657	107	3.0%	
	Wellington Woods	2,704	2,785	81	3.0%	
Grad House	Single	2,678	2,678	0	0.0%	
<u>FAMILY (per month)</u>						
(a) Wellington Woods	continuing tenants	905	912	7	0.7%	#2
	new rentals	1013	1020	7	0.7%	
(b) 78 College Avenue						
1 Bedroom Apartment - 660 SQ. ft		826	832	6	0.7%	
1 Bedroom Apartment - 715 SQ. ft		871	877	6	0.7%	
1 Bedroom Apartment - 777 SQ. ft		876	882	6	0.7%	
2 Bedroom Apartment		961	968	7	0.7%	
Townhouse		1013	1020	7	0.7%	

#1 An internet access fee of \$85.70 per semester is 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 2011, only 1 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>				
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.				
Single Room in private home	400-500	#1 N/S single	760	
Shared Apartment	350-450	#1 #2 East Single	794	
Shared House/Suite	350-500	#2 Townhouse	866	
 <u>FAMILY</u>				
1 Bedroom Apartment	600-950		832 - 882	
2 Bedroom Apartment/Townhouse	700-1100		968 - 1,020	
 <u>OFF CAMPUS VACANCY RATE (for Guelph as per CMHC)</u>				
October 2005	3.60%			
October 2006	2.80%			
October 2007	1.90%			
October 2008	2.30%			
October 2009	4.10%			
October 2010	3.40%			

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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

		DOUBLE ROOM				
		2010-2011			2011-2012	% Increase
Ranking			Ranking			
1	UC - U of Toronto	6,260	1	UC - U of Toronto	6,479	3.5%
2	Queen's	6,088	2	Queen's	6,331	4.0%
3	Western	5,367	3	Western	5,635	5.0%
4	Wilfrid Laurier	5,167	4	Wilfrid Laurier	5,296	2.5%
5	GUELPH	5,001	5	GUELPH	5,201	4.0%
6	Windsor	4,963	6	McMaster	5,095	5.5%
7	McMaster	4,829	7	Windsor	5,062	2.0%
8	Waterloo	4,613	8	Waterloo	4,751	3.0%
9	Carleton	4,482	9	Carleton	4,598	2.6%
10	York	4,376	10	York	4,376	0.0%

		SINGLE ROOM				
		2010-2011			2011-2012	% Increase
Ranking			Ranking			
1	UC - U of Toronto	6,260	1	UC - U of Toronto	6,479	3.5%
2	Queen's	6,202	2	Queen's	6,450	4.0%
3	Windsor	6,120	3	Western	6,295	5.0%
4	Western	5,995	4	Windsor	6,242	2.0%
5	GUELPH	5,849	5	GUELPH	6,083	4.0%
6	Wilfrid Laurier	5,656	6	Wilfrid Laurier	5,797	2.5%
7	McMaster	5,431	7	McMaster	5,730	5.5%
8	Carleton	5,380	8	Carleton	5,512	2.4%
9	Waterloo	5,142	9	Waterloo	5,296	3.0%
10	York	5,021	10	York	5,021	0.0%

		SUITE/APARTMENT/TOWNHOUSE - 4 bedroom				
		2010-2011			2011-2012	% Increase
Ranking			Ranking			
1	Western	7,295	1	Western	7,660	5.0%
2	UT - Scarborough	6,972	2	UT - Scarborough	7,246	3.9%
3	McMaster	6,682	3	McMaster	7,050	5.5%
4	GUELPH	6,658	4	GUELPH	6,924	4.0%
5	Windsor	6,634	5	Windsor	6,767	2.0%
6	Carleton	6,460	6	Carleton	6,653	3.0%
7	Queen's	6,326	7	Queen's	6,579	4.0%
8	Waterloo	6,138	8	Waterloo	6,323	3.0%
9	York	6,094	9	York	6,094	0.0%
10	Wilfrid Laurier	5,779	10	Wilfrid Laurier	5,924	2.5%

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Table G

University of Guelph
Student Housing Services
2011/2012 Planned Capital Projects
in Thousands \$

Building	Project	Budgeted Project Cost
South	Replace Roof System	700
	Interior Improvements (Horizon & Grasslands)	2,700
	Insulate and new soffits - Bridges (Mountain Hall and Maritime Hall)	100
	South Student Space Renovations	100
	Maritime Office Reconfiguration	50
Lennox-Addington	Interior Improvements	2,166
Watson	Replace Flat Roof System	25
East / Johnston	Modernize Service Elevators	275
East Village	Exterior Insulation Repairs	20
	Duct Cleaning	25
Family Housing	Roof Investigation & Repairs	1,445
Other	Electrical Investigations	400
	Perimeter Access & Security	265
	Refresh Cameras plus add 2	10
	Misc Painting	70
	Grad House Renovations	20
	Vermiculite Removal	10
	Contingency	300
	2012/2013 Design Fees	300
Total Capital Projects		8,981
Amount to be Financed		5,757
Total in 11/12 Budget		3,224