
STUDENT HOUSING SERVICES
2013/2014 BUDGET

PREPARED FOR THE FINANCE COMMITTEE OF THE BOARD OF GOVERNORS

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2013/2014 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. With a major renovation planned for Lambton Hall to convert the first and second floors to suite-style residence, the building will be offline for the 2013/2014 year, resulting in the loss of approximately 400 bed spaces and a reduction in revenue.

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. 58% in 2013/2014) is allocated for capital financing and major renovations reflecting the capital-intensive nature of operations.

In preparing the attached 2013/2014 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;
- renovate Lambton Hall to include one and two bedroom suite style residence on the 1st and 2nd 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 25, 2013. 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, 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 \$46.558 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 2013/2014 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 2013/2014 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 (8 of 12 wings) residences as well as complete interior renovations and new furniture in Lennox-Addington and East Residence suites.

Security – between 2009/2010 and 2012/13 a perimeter access and security system was installed in all residence buildings except the East Village Townhouses, Family Housing and the standalone houses surrounding campus. Completion of this project further enhances the security of the residence halls and population.

Table G identifies the planned capital projects for the summer of 2013 totaling \$18.620 million. This represents a significant investment in our residence system but is critical for our recruitment efforts.

2012/2013 – FORECAST COMPARED TO BUDGET (refer to Table A)

The 2012/13 Student Housing budget was prepared using a conservative occupancy estimate of 92% for the academic year. Student Housing also prepares a multi-year capital plan and forecast, which sets renovation expense and borrowing levels each year. Since actual occupancy for fall 2012 was approximately 100% at the start of the semester and still over 97% by the end, a surplus will result due to excess revenue. A surplus is also created on the renovation expense line, budgeted at \$3.791 million, and forecasted at \$1.300 million. Actual costs came in under budget for two major projects (see Table A for details) resulting in forecasted costs of \$7.500 million compared to a budget of \$9.289 million. Borrowing was also taken at the approved \$6.200 million level compared to a budget of \$5.498 million, in order to borrow up to the Board approved limit and increase the opening 2013/2014 fund balance to help absorb higher than normal renovation costs. See table directly below.

2012/2013 Renovation and Capital Projects

in Thousands \$

	2012/2013 Budget	2012/2013 Forecast	Variance
Total Spending on all Projects	9,289	7,500	1,789
Deduct: Total Spending on Financed Projects	-5,498	-6,200	702
Remainder From Operations	3,791	1,300	2,491

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These surpluses contribute to a net increase in fund balance of \$4.352 million for the 2012/2013 year. This surplus will be retained until 2013/2014 where it will help offset renovation costs for that year. (See Table B)

2013/2014 BUDGET ASSUMPTIONS:

Proposed Fees:

It is proposed that 2013/2014 single student residence fees increase by 4.5% 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 2.5%. To help offset the loss of bed spaces from Lambton Hall being offline, 35 two-bedroom townhouses will be converted to 35 three-bedroom units for upper year single student housing. Five one-bedroom units will also be 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 2013/2014 SHS budget the following major assumptions were made:

1. Average occupancy rates (during the fall/winter semesters) of 94% in single student residences and 93% annually in family housing. This is consistent with past practice as well as the anticipated excess demand arising from Lambton being offline.
2. Personnel increases are consistent with University budget assumption guidelines.
3. Provision for renovations of \$18.620 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 – 2013/2014 BUDGET

The budget presented here will produce a Closing Fund Balance of \$2.460 million at April 30, 2014.

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Table A

University of Guelph
Student Housing Services
2012/2013 Forecast To Budget Comparison
In Thousands \$

	2012/2013 Forecast		2012/2013 Budget		Variance
Revenue					
Student Contracts	27,096	85%	26,182	85%	914
Family Housing	3,625	11%	3,635	12%	(10)
Other sources	1,048	3%	1,120	4%	(72)
Total Revenue	31,769	100%	30,937	100%	832
Expenses					
Personnel	5,379	17%	5,374	17%	(5)
Institutional Charges	4,843	15%	4,843	16%	0
Custodial Charges	2,784	9%	2,784	9%	0
Operating	5,062	16%	5,442	18%	380
Travel	23	0%	34	0%	11
Renovations*	1,300	4%	3,791	12%	2,491
Debt Servicing - external	6,553	21%	6,696	22%	143
Net Transfer	1,473	5%	1,473	5%	0
Total Expenses	27,417	86%	30,437	98%	3,020
Increase (Decrease) in Fund Balance	4,352	14%	500	2%	3,852
Fund Balance - Opening	5,080		5,080		0
Fund Balance - Closing**	9,432		5,580		3,852

* Total 2012/2013 budgeted Renovation costs were \$9.289 million and forecasted costs are \$7.500 million, for a positive variance of \$1.789 million. Two major projects caused this variance: South Interior \$.667 million & L/A Furniture \$.939 million. With projects under budget overall, contingency costs of \$.300 million were also unused. Of the \$7.500 million in forecasted costs, \$6.200 million was debt financed, leaving \$1.300 million as expense.

** Fund Balances include only Unappropriated Balances. Total Unrestricted Net Assets per audited financial statements of \$(5.755) million included unrealized losses on interest rates swaps of \$10.835 million as of April 30, 2012. 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
2013/2014 Operating Budget
In Thousands \$

	2011/2012 Actual		2012/2013 Forecast		2013/2014 Budget	
Revenue						
Student Contracts*	27,768	85%	27,096	85%	26,349	84%
Family Housing	3,574	11%	3,625	11%	4,025	13%
Other Sources	1,304	4%	1,048	3%	962	3%
Total Revenue	32,646	100%	31,769	100%	31,336	100%
Expenses						
Personnel	5,081	16%	5,379	17%	5,559	18%
Institutional Charges	4,748	15%	4,843	15%	4,939	16%
Custodial Charges	2,729	8%	2,784	9%	2,840	9%
Operating	5,543	17%	5,062	16%	5,350	17%
Travel	36	0%	23	0%	34	0%
Renovations	5,604	17%	1,300	4%	10,733	34%
Debt Servicing - external	6,029	18%	6,553	21%	7,380	24%
Net Transfer	1,517	5%	1,473	5%	1,473	5%
Total Expenses	31,287	96%	27,417	86%	38,308	122%
Increase (Decrease) in Fund Balance	1,359	4%	4,352	14%	(6,972)	-22%
Fund Balance - Opening	5,725		5,080		9,432	
Less Repayment of Internal Loan**	(2,004)					
Fund Balance - Closing ***	5,080		9,432		2,460	

* 2013/2014 Student Contracts have been reduced to reflect Lambton Hall (417 bed spaces) being offline for the year due to renovations.

** The \$2.004 million repayment of the East Residence internal loan will reduce the amount of Net Transfer expense in future years by \$.257 million. (See Table C)

*** Fund Balances include only Unappropriated Balances. Total Unrestricted Net Assets per audited financial statements of \$(5.755) million included unrealized losses on interest rates swaps of \$10.835 million as of April 30, 2012. 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 C

University of Guelph
Student Housing Services
2013/2014 Net Transfers
in Thousands \$

	<u>Actual</u> 2011/2012	<u>Forecast</u> 2012/2013	<u>Budget</u> 2013/2014
<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	-
Village Townhouses	2025	609	609
Wellington Woods Mortgage	2021	144	144
 Total Internal Financing Loans	1,205	948	948
 <u>Other Transfers:</u>			
Interest Paid on Interfund Balances		(33)	
Revenue Transfer for Brock House Hotel Loss		(180)	
Contribution to Student Affairs Programming Costs		525	525
 Net Transfers	1,517	1,473	1,473

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Table D

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

		Actual 2012/2013	Proposed Fee 2013/2014	Dollar Change	Percentage Change	Notes
<u>SINGLE STUDENT (per semester)</u>						
North/South	Double	2,682	2,802	121	4.5%	
	Single	3,135	3,276	141	4.5%	
East	Double	2,907	3,038	131	4.5%	
	Single	3,275	3,423	147	4.5%	
East Village	Single	3,569	3,730	161	4.5%	
West Residence						
78 College Avenue 1-bdrm	Single	3,770	3,939	170	4.5%	
78 College Avenue 3-bdrm	Single	n/a	3,191	n/a	n/a	#1
Grad House	Single	2,731	2,854	123	4.5%	
<u>FAMILY (per month)</u>						
(a) Wellington Woods		1,052	1078	26	2.5%	
(b) 78 College Avenue						
1 Bedroom Apartment - 660 SQ. ft		858	879	21	2.5%	
1 Bedroom Apartment - 715 SQ. ft		904	927	23	2.5%	
1 Bedroom Apartment - 777 SQ. ft		910	932	23	2.5%	
2 Bedroom Apartment		998	1023	25	2.5%	
Townhouse		1,052	1078	26	2.5%	

#1 The 78 College Avenue 3-bdrm unit type is new in 2013/2014

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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	425-525	#1	N/S single	819
Shared Apartment	400-500	#1 #2	East Single	856
Shared House/Suite	375-500	#2	Townhouse	932
 <u>FAMILY</u>				
1 Bedroom Apartment	600-950		879 - 932	
2 Bedroom Apartment/Townhouse	700-1100		1,023 - 1,078	
 <u>OFF CAMPUS VACANCY RATE (for Guelph as per CMHC)</u>				
October 2007	1.90%			
October 2008	2.30%			
October 2009	4.10%			
October 2010	3.40%			
October 2011	1.10%			
October 2012	1.40%			

#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					
		2012-2013		2013-2014		% Increase	
Ranking				Ranking			
1	UC - U of Toronto	6,732		1	UC - U of Toronto	6,934	3.0%
2	Queen's	6,290		2	Queen's	6,542	4.0%
3	Western	5,970		3	Western	6,269	5.0%
4	Wilfrid Laurier	5,455		4	Wilfrid Laurier	5,646	3.5%
5	GUELPH	5,364		5	GUELPH	5,605	4.5%
6	McMaster	5,335		6	McMaster	5,550	4.0%
7	Windsor	5,188		7	Windsor	5,344	3.0%
8	Waterloo	4,894		8	Waterloo	5,016	2.5%
9	Carleton	4,736		9	Carleton	4,959	4.7%
10	York	4,538		10	York	4,706	3.7%

		SINGLE ROOM					
		2012-2013		2013-2014		% Increase	
Ranking				Ranking			
1	UC - U of Toronto	6,732		1	UC - U of Toronto	7,035	4.5%
2	Western	6,660		2	Western	6,993	5.0%
3	Windsor	6,398		3	Queen's	6,650	4.0%
4	Queen's	6,394		4	Windsor	6,590	3.0%
5	GUELPH	6,270		5	GUELPH	6,552	4.5%
6	McMaster	6,020		6	McMaster	6,260	4.0%
7	Wilfrid Laurier	5,971		7	Wilfrid Laurier	6,180	3.5%
8	Carleton	5,677		8	Carleton	5,944	4.7%
9	Waterloo	5,455		9	Waterloo	5,592	2.5%
10	York	5,207		10	York	5,399	3.7%

		SUITE/APARTMENT/TOWNHOUSE - 4 bedroom					
		2012-2013		2013-2014		% Increase	
Ranking				Ranking			
1	Western	8,100		1	Western	8,505	5.0%
2	UT - Scarborough	7,427		2	McMaster	7,700	4.0%
3	McMaster	7,405		3	UT - Scarborough	7,613	2.5%
4	GUELPH	7,138		4	GUELPH	7,459	4.5%
5	Windsor	6,936		5	Carleton	7,175	4.7%
6	Carleton	6,853		6	Windsor	7,144	3.0%
7	Queen's	6,779		7	Queen's	7,050	4.0%
8	Waterloo	6,512		8	Waterloo	6,675	2.5%
9	York	6,317		9	York	6,551	3.7%
10	Wilfrid Laurier	6,101		10	Wilfrid Laurier	6,315	3.5%

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Table G

University of Guelph
Student Housing Services
2013/2014 Planned Capital Projects
in Thousands \$

Building	Project	Budgeted Project Cost
South	Replace Condensate Pumps	70
	Interior Improvements (Cove & Seaway)	2,400
	Masonry & Sealant Repairs	190
	E-Distribution System: Aged - Phase 1 of 3	66
	Maintenance: Bus Duct	80
	Prairie Bus Bar Replacement	15
Lambton	Major Interior Renovation	13,500
Lennox-Addington	Roof Resurface	67
Macdonald	Electrical & Fire Alarm	5
Maids	Upgrade Lounge Interior Finishes & Furniture	10
Johnston	Laundry Room Improvements	25
East	Firestopping Deficiencies	27
East Village	Carpet, Countertops & Paint	540
Family Housing	Convert 35 units to Single Student Residence	890
	Wellington Woods repairs	50
Other	Misc Painting	75
	Vermiculite Removal	10
	Contingency	300
	2014/2015 Design Fees	300
Total Capital Projects		18,620
Amount to be Financed - Board Approved Limit for 2013/14		7,887
Total in 13/14 Budget		10,733