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STUDENT HOUSING SERVICES  
2012/2013 BUDGET

PREPARED FOR THE FINANCE COMMITTEE OF THE BOARD OF GOVERNORS

APRIL 2012

STUDENT HOUSING SERVICES  
2012/2013 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 304 families and 57 upper year single students in townhouses and apartments situated at two sites on the perimeter of the campus. 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. 34% in 2012/2013) is allocated for capital financing and major renovations reflecting the capital-intensive nature of operations.

In preparing the attached 2012/2013 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 the final stage of the perimeter access and security project
- 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 full Interhall Council on March 20, 2012. 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 Deferred Maintenance Plan that invests significant capital into three major areas.

Deferred Maintenance - major work completed prior to 2012/2013 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.

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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 2012/2013 includes interior common area improvements (lobbies, washrooms, kitchens, lounges, corridors, etc) in East, Lambton, Johnston, Lennox-Addington, Macdonald, Maids, Watson, and South (6 of 12 wings) residences as well as complete interior renovations and new furniture in all East Residence suites.

Security – between 2009/2010 and 2011/12 a perimeter access and security system was installed in Johnston, East, Mills, Lambton, Macdonald, Lennox-Addington, Watson, and Maids Halls. In 2012/2013, South residence will be brought on line as well. Completion of this project will further enhance the security of the residence halls and population.

Table G identifies the planned capital projects for the summer of 2012 totaling \$9.290 million.

**2011/2012 – FORECAST COMPARED TO BUDGET (refer to Table A)**

The annual Student Housing budget is 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 2011 was over 100% at the start of the semester and still over 98% by the end, a surplus will result due to excess revenue. Rather than add this surplus to the opening 2011/2012 Fund Balance of \$5.725 million, an additional \$2.467 million in renovation costs was expensed from operations. With more costs being expensed, this allowed borrowing to be reduced to \$2.200 million, from the budgeted \$5.757 million. (see chart directly below)

**2011/2012 Renovation and Capital Projects**

in Thousands \$

	2011/2012 Budget	2011/2012 Forecast	Variance
Total Spending on all Projects	8,980	7,890	1,090
Deduct: Total Spending on Financed Projects	<b>-5,757</b>	<b>-2,200</b>	<b>-3,557</b>
Remainder From Operations	3,223	5,690	<b>-2,467</b>

This additional expense from operations causes a net loss of \$(1.013) million for the 2011/2012 year. This same practice of using operational surpluses to reduce borrowing was employed in 2010/2011, resulting in the net loss of \$(.455) million for that year. (See Table B)

In further efforts to reduce borrowing, \$2.024 million was used to pay back an internal loan for East Residence, bringing the expected Closing Fund Balance as of April 30, 2012 to \$2.688 million. (see Table A) Student Housing has reduced debt levels and still has a sufficient fund balance in reserve.

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**2012/2013 BUDGET ASSUMPTIONS:**

**Proposed Fees:**

It is proposed that 2012/2013 single student residence fees increase by 3.1% across the board. This proposed rate increase is intended to keep pace with the cost of living and to ensure Guelph remains competitive within the surrounding market. With these proposed changes, Guelph's fees remain 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 3.1%. 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 22 two-bedroom units and 13 one-bedroom units have been converted to upper year single student housing over the past four 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.

**Other Assumptions:**

In constructing the 2012/2013 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 \$9.290 million (refer to Table G) to address facility repairs, refurbishment, & security are included as part of the Deferred Maintenance Plan.
4. Costs for centrally provided services have increased by 2%.

**CLOSING FUND BALANCE – 2012/2013 BUDGET**

The budget presented here will produce a Closing Fund Balance of \$3.188 million at April 30, 2013.

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Table A

University of Guelph  
Student Housing Services  
2011/2012 Forecast To Budget Comparison  
In Thousands \$

	2011/2012 Forecast		2011/2012 Budget		Variance
Revenue					
Student Contracts	26,434	85%	25,453	84%	981
Family Housing	3,530	11%	3,560	12%	(30)
Other sources	1,104	4%	1,113	4%	(9)
<b>Total Revenue</b>	<b>31,068</b>	<b>100%</b>	<b>30,126</b>	<b>100%</b>	<b>942</b>
Expenses					
Personnel	5,112	16%	5,195	17%	83
Institutional Charges	4,748	15%	4,751	16%	3
Custodial Charges	2,729	9%	2,743	9%	14
Operating*	5,505	18%	5,139	17%	(366)
Travel	28	0%	32	0%	4
Renovations	5,690	18%	3,223	11%	(2,467)
Debt Servicing - external	6,539	21%	6,813	23%	274
Net Transfer	1,730	6%	1,730	6%	0
<b>Total Expenses</b>	<b>32,081</b>	<b>103%</b>	<b>29,626</b>	<b>98%</b>	<b>(2,455)</b>
Increase (Decrease) in Fund Balance	(1,013)	-3%	500	2%	(1,513)
Fund Balance - Opening	5,725		5,725		0
Less Repayment of Internal Loan**	(2,024)				(2,024)
<b>Fund Balance - Closing***</b>	<b>2,688</b>		<b>6,225</b>		<b>(3,537)</b>

\* The negative variance in Operating expense is caused by unbudgeted hotel costs for Brock House

\*\* The \$2.024 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 \$(2.911) million included unrealized losses on interest rates swaps of \$8.636 million as of April 30, 2011. 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  
2012/2013 Operating Budget  
In Thousands \$

	2010/2011 Actual		2011/2012 Forecast		2012/2013 Budget	
<b>Revenue</b>						
Student Contracts*	25,914	84%	26,434	85%	26,182	85%
Family Housing	3,554	12%	3,530	11%	3,635	12%
Other Sources	1,265	4%	1,104	4%	1,120	4%
<b>Total Revenue</b>	<b>30,733</b>	<b>100%</b>	<b>31,068</b>	<b>100%</b>	<b>30,937</b>	<b>100%</b>
<b>Expenses</b>						
Personnel	5,065	16%	5,112	16%	5,374	17%
Institutional Charges	4,655	15%	4,748	15%	4,843	16%
Custodial Charges	2,675	9%	2,729	9%	2,784	9%
Operating	4,754	15%	5,505	18%	5,442	18%
Travel	15	0%	28	0%	34	0%
Renovations	5,414	18%	5,690	18%	3,791	12%
Debt Servicing - external	7,087	23%	6,539	21%	6,696	22%
Net Transfer	1,523	5%	1,730	6%	1,473	5%
<b>Total Expenses</b>	<b>31,188</b>	<b>101%</b>	<b>32,081</b>	<b>103%</b>	<b>30,437</b>	<b>98%</b>
Increase (Decrease) in Fund Balance	(455)	-1%	(1,013)	-3%	500	2%
Fund Balance - Opening	6,180		5,725		2,688	
Less Repayment of Internal Loan**			(2,024)			
<b>Fund Balance - Closing ***</b>	<b>5,725</b>		<b>2,688</b>		<b>3,188</b>	

\* Residence opened at over 100% capacity in the 2011/2012 year, compared to budgeted occupancy of 92%

\*\* The \$2.024 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 \$(2.911) million included unrealized losses on interest rates swaps of \$8.636 million as of April 30, 2011. 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  
2012/2013 Net Transfers  
in Thousands \$

	<u>Actual</u> 2010/2011	<u>Forecast</u> 2011/2012	<u>Budget</u> 2012/2013
<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
Family Housing Projects Loan	2010	6	
	<hr/>	<hr/>	<hr/>
Total Internal Financing Loans	1,211	1,205	948
<u>Other Transfers:</u>			
Interest Paid on Interfund Balances	(63)		
Contribution to Student Affairs Programming Costs	375	525	525
	<hr/>	<hr/>	<hr/>
Net Transfers	1,523	1,730	1,473



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Table D

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

		Actual 2011/2012	Proposed Fee 2012/2013	Dollar Change	Percentage Change	Notes
<u>SINGLE STUDENT (per semester)</u>						
North/South	Double	2,601	2,682	81	3.1%	
	Single	3,041	3,135	94	3.1%	
East	Double	2,820	2,907	87	3.1%	
	Single	3,177	3,275	98	3.1%	
East Village	Single	3,462	3,569	107	3.1%	
West Residence						
78 College Avenue 2bdm	Single	2,871	2,960	89	3.1%	#1
78 College Avenue 1bdm	Single	3,657	3,770	113	3.1%	
Grad House	Single	2,678	2,731	54	2.0%	
<u>FAMILY (per month)</u>						
(a) Wellington Woods		1020	1052	32	3.1%	
(b) 78 College Avenue						
1 Bedroom Apartment - 660 SQ. ft		832	858	26	3.1%	
1 Bedroom Apartment - 715 SQ. ft		877	904	27	3.1%	
1 Bedroom Apartment - 777 SQ. ft		882	909	27	3.1%	
2 Bedroom Apartment		968	998	30	3.1%	
Townhouse		1020	1052	32	3.1%	

#1 An internet access fee of \$88.20 per semester is included in the West Residence room fee.

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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	783
Shared Apartment	400-500	#1 #2	East Single	818
Shared House/Suite	375-500	#2	Townhouse	891
 <u>FAMILY</u>				
1 Bedroom Apartment	600-950		858 - 909	
2 Bedroom Apartment/Townhouse	700-1100		998 - 1,052	
 <u>OFF CAMPUS VACANCY RATE (for Guelph as per CMHC)</u>				
October 2006	2.80%			
October 2007	1.90%			
October 2008	2.30%			
October 2009	4.10%			
October 2010	3.40%			
October 2011	1.10%			

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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>					
		2011-2012		2012-2013		% Increase	
Ranking				Ranking			
1	UC - U of Toronto	6,480		1	UC - U of Toronto	6,732	3.9%
2	Queen's	6,026		2	Queen's	6,290	4.4%
3	Western	5,635		3	Western	5,970	5.9%
4	Wilfrid Laurier	5,296		4	Wilfrid Laurier	5,455	3.0%
<b>5</b>	<b>GUELPH</b>	<b>5,202</b>		<b>5</b>	<b>GUELPH</b>	<b>5,364</b>	<b>3.1%</b>
6	McMaster	5,095		6	McMaster	5,335	4.7%
7	Windsor	5,062		7	Windsor	5,188	2.5%
8	Waterloo	4,751		8	Waterloo	4,894	3.0%
9	Carleton	4,598		9	Carleton	4,736	3.0%
10	York	4,376		10	York	4,538	3.7%

		<b>SINGLE ROOM</b>					
		2011-2012		2012-2013		% Increase	
Ranking				Ranking			
1	UC - U of Toronto	6,480		1	UC - U of Toronto	6,732	3.9%
2	Western	6,295		2	Western	6,660	5.8%
3	Windsor	6,242		3	Windsor	6,398	2.5%
4	Queen's	6,126		4	Queen's	6,394	4.4%
<b>5</b>	<b>GUELPH</b>	<b>6,082</b>		<b>5</b>	<b>GUELPH</b>	<b>6,270</b>	<b>3.1%</b>
6	Wilfrid Laurier	5,797		6	McMaster	6,020	5.1%
7	McMaster	5,730		7	Wilfrid Laurier	5,971	3.0%
8	Carleton	5,512		8	Carleton	5,677	3.0%
9	Waterloo	5,296		9	Waterloo	5,455	3.0%
10	York	5,021		10	York	5,207	3.7%

		<b>SUITE/APARTMENT/TOWNHOUSE - 4 bedroom</b>					
		2011-2012		2012-2013		% Increase	
Ranking				Ranking			
1	Western	7,660		1	Western	8,100	5.7%
2	UT - Scarborough	7,246		2	UT - Scarborough	7,427	2.5%
3	McMaster	7,050		3	McMaster	7,405	5.0%
<b>4</b>	<b>GUELPH</b>	<b>6,924</b>		<b>4</b>	<b>GUELPH</b>	<b>7,138</b>	<b>3.1%</b>
5	Windsor	6,767		5	Windsor	6,936	2.5%
6	Carleton	6,653		6	Carleton	6,853	3.0%
7	Queen's	6,494		7	Queen's	6,779	4.4%
8	Waterloo	6,323		8	Waterloo	6,512	3.0%
9	York	6,092		9	York	6,317	3.7%
10	Wilfrid Laurier	5,924		10	Wilfrid Laurier	6,101	3.0%

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Table G

University of Guelph  
Student Housing Services  
2012/2013 Planned Capital Projects  
in Thousands \$

<b>Building</b>	<b>Project</b>	<b>Budgeted Project Cost</b>
<b>South</b>	Replace Roof System	100
	Interior Improvements (Homestead & Tundra)	2,800
	Sealant Repairs	190
	Main Office Reconfiguration	10
<b>Lambton</b>	Electrical Sw itches, Elevators & Fire Safety	250
<b>Lennox-Addington</b>	Interior Improvements	2,000
	Handrails and guards	18
	missing doors and vestibules	8
	Elevators	256
<b>Watson</b>	Electrical & Fire Alarm	153
<b>Maids</b>	Electrical Component Upgrade	72
	Upgrade Interior Finishes & Furniture	4
<b>Mills</b>	Replace Show ers/Plumbing	200
	Laundry & Basement Improvements	28
<b>East</b>	Firestopping Deficiencies	138
<b>East Village</b>	Carpet, Countertops & Paint	1,500
<b>Family Housing</b>	General Repairs - Wellington Woods	58
<b>Other</b>	Perimeter Access & Security - South Residence	737
	Misc Painting	75
	Grad House Renovations	82
	Vermiculite Removal	10
	Contingency	300
	2013/2014 Design Fees	300
<b>Total Capital Projects</b>		<b>9,290</b>
<b>Amount to be Financed</b>		<b>5,499</b>
<b>Total in 12/13 Budget</b>		<b>3,791</b>