

**WESTERN WASHINGTON UNIVERSITY
HOUSING & DINING SYSTEM
2012-2013 PROPOSED RATES**

**Presented to the Residential Advisory Committee, Residence Hall Association &
Associated Students Board of Directors**

PRO-FORMA SUMMARY:

March 1, 2012

Introduction

The attached budget and rates represents the recommendations for fiscal year 2012-13. While the challenging fiscal climate facing the State and WWU continues to generate uncertainties into some elements that affect the System's rates, there are areas which have somewhat settled-out, for example, the new dining services program and the opening of the Buchanan Towers addition. Each operating line item in the budget has been reviewed to ensure that revenue opportunities are examined and costs are managed carefully. The System's leadership has presented a budget and rate proposal which responsibly responds to inflationary pressures, maintains the core functions of the quality residential program, and considers the total cost for students to attend Western. As with every year, a major influence for planning came from the University's Strategic Action Plan and standards and expectations outlined in the Principles for the Housing & Dining System. This recommended budget meets those standards and ensures that management attends to the necessary reserve fund balances, planned major maintenance, debt service coverage, and capital planning. The figures and explanatory text reflect student input from surveys and committees as well as the most recent projections for revenue and expenditures.

The Capital Plan

The Enrollment and Student Services Housing & Dining Capital Plan ensures that the System's facilities meet Western's enrollment plan, meet or exceed the Board of Trustees fiscal principles, invests in infrastructure to ensure longevity, health and safety, and responds to changing student needs and expectations. The Fiscal Year 2013 projects represent the largest capital expenditures in recent years including phase two of both the Ridgeway Beta fire sprinkler installation/room renovation and the wireless access point installation; the start of the Mathes fire sprinkler project, and planning for the Ridgeway Alpha and Edens North sprinklers and room renovations. Capital projects planned over the following 10 years include continued fire sprinkler additions, room and bathroom renovations, upgrades to radiant heat systems, and seismic upgrades.

Why is a Housing Rate Increase Needed?

The proposed rates represent the System's continued efforts to provide a quality program at an affordable cost. The attached documents review the impacts of the additional costs to the system, and the results of the responses to those impacts. The larger increases include contributions to the System's capital plan for planned renovations, expenditures for major building repairs, and anticipated increases for the dining rate and the institutional overhead assessment. In the midst of these cost pressures residential programs and services are expected to continue at a high quality level. System staff continues to look for efficient operating means and methods to bring

quality services to students. State funds are not used to support the Housing & Dining system.

Proposed Rate Increase:

- o The proposed Residence Hall and Birnam Wood rate increase is 3%.
- o The budget and rate materials presented below show that the System can support its 2012-13 programs with a rate increase of 3% based on our current understanding of expected inflationary pressures,
- o The 3% increase is slightly less than the long range financing plan presented to the Board of Trustees and the Residence Hall Association which projects annual increases in the 4-5% range over a ten year period. The projects in the long range financing plan are not affected by this slight reduction.

Impact of the Rate Increases

- Residence Halls: At a 3% increase, a double room w/-125-Block Meal; Plan increases \$29/month or \$263 for the school year,
- o Birnam Wood: With 4 residents per unit: At a 3% increase the rent increases \$9.62/month or \$87 for the school year.

Background Information and Revenue & Expenditure Details:

Comments and figures pertaining to FY2013 are compared to the FY2012 proposed budget and rates presented at the April 2011 Board of Trustees meeting (revised Fall 2011 to address opening occupancy adjustments). ~

Revenue Highlights and Assumptions

- o Overall, the budgeted Operating Revenue; increase is \$1,735,000 or 4.8% over FY2012's proposed budget.
- o Occupancy calculations include opening counts at 4,038 reflecting a reduction of 16 students, a slightly increased attrition rate to reflect FY2012 Fall/winter trend, and an adjustment to meal plan ownership patterns compared to the FY2012 pro-forma budget.
- o Rental income is reduced \$33,000 or 24% due to the termination of the off-campus apartment leases.
- ® Slight increase in anticipated conference revenues and commissions.
- ® Increased commissions per the food services management agreement, the results of which were not available at the time the 2011-12 budget and rates were under development.
- o The VU Building Fee variance shown on the pro-forma is due to the prior year's (FY2012) budget figure not reflecting the result of the fee increase which occurred via a separate process in spring 2011. There is no increase proposed to the Viking Union building fee for 2012-13.

Operating Expenditures Highlights and Assumptions

e Budgeted Operating Expenditures are projected to increase by \$744,000 or 3.0%.

o Wages and Benefits increase \$46,000 or 0.75%. Primary drivers for the increase are the State minimum wage, and room and board increase for resident advisors. There are no State cost of living increases but classified staff step increases are incorporated.

» Dining services rates are under negotiation. The increase shown is the combination of an estimated residential dining rate increase, and increased voluntary meal plan sales.

o Utilities: Taken together, the decrease in utilities is about \$80,000 or -2.7% led by a continued favorable natural gas market. Internet bandwidth (Communications line) shows a 40% increase, although a portion of that increased expense was taken during the October 2011 budget adjustments when bandwidth was increased:

o Equipment purchases increase 52% due to additional furniture replacements, phase 2 of the emergency communications system, and implementation of a key tracking system.

o Rentals and operating leases decrease \$88,000 or 91% due to the termination of the New York apartment leases.

o Institutional Services, which includes the University's Administrative Services Assessment (ASA) and University Police (Greencoat security staff) increases 12%. The ASA rate is estimated here at 5.5% of adjusted revenue compared to 4.5% in FY2012.

Non-Operating Expenditures Highlights and Assumptions

o Allocations for major repairs and planned renovations increase \$274,000 or almost 8%. This investment in the existing facilities keeps the System within targeted levels per the fiscal principles established by the Board of Trustees.

o Transfer to the System's capital plan increases \$746,000 or 29%. Upcoming projects include two fire sprinkler additions, and the final phase of installation of wireless access points in all residential areas.

a Overall, budgeted Non-Operating expenditures and transfers increase \$991,000 or 8.7%.

WESTERN WASHINGTON UNIVERSITY - HOUSING AND DINING SYSTEM
 PROPOSED OPERATIONS FOR BUDGET YEARS ENDED JUNE 30, 2012 & 2013

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	PROPOSED BUDGET 2011-12 As Presented to BOT	DRAFT BUDGET 2012-13 As of 2/27/12	PERCENT CHANGE	DIFFERENCE BUDGET \$
REVENUES				
Room and Board Payments	\$31,509,000 1	\$31,995,000	1.54%	\$486,000
Room and Board Fees and Penalties	142,500	142,500	0.00%	0
Investment Income	102,000	50,000	-50.98% 2	(52,000)
Bond Interest Subsidy	318,574	318,574	0.00%	0
Housing Rentals	136,650	103,897	-23.97%	(32,753)
Conferences	554,069	573,069	3.43%	19,000
Commissions	522,300	1,762,300	237.41%	1,240,000
Viking Union Programs & Services	161,564	149,750	-7.31%	(11,814)
S & A Fee Distribution (Viking Union)	1,253,000	1,253,000	0.00%	0
Building Fee (Viking Union)	1,519,934	1,606,579	5.70%	86,645
Other	93,150	93,150	0.00% 3	0
Total Revenues	\$36,312,741	\$38,047,819	4.78%	\$1,735,078
OPERATING EXPENDITURES				
Salaries & Benefits	\$6,143,653	\$6,189,816	0.75%	\$46,163
Food Service (net of capital contribution)	10,405,870	10,898,605	4.74% 4	\$492,735
Communications	255,485	358,830	40.45%	\$103,345
Electricity	763,343	758,948	-0.58%	(\$4,395)
Heat	1,449,933	1,373,721	-5.26%	(\$76,212)
Water/Sewer	396,227	396,227	0.00%	\$0
Refuse Disposal/Recycling	266,651	266,651	0.00%	\$0
Television Cable	111,725	111,725	0.00%	\$0
Maintenance & Repairs	1,991,070	2,001,745	0.54%	\$10,675
Operating Supplies	231,365	234,235	1.24%	\$2,870
Equipment	296,424	451,411	52.29%	\$154,987
Insurance	457,852	451,852	-1.31%	(\$6,000)
Rentals and Operating Leases	97,014	8,925	-90.80%	(\$88,089)
Institutional Services & ASA	1,261,896	1,407,968	11.58% 5	\$146,072
Assigned Student Affairs Costs	78,000	78,000	0.00%	\$0
Other Expenditures	772,049	734,329	-4.89%	(\$37,720)
Total Operating Expenditures	\$24,978,557	\$25,722,988	2.98%	\$744,431
NON-OPERATING EXPENDITURES/TRANSFERS				
Bond Debt Service	\$5,465,895	\$5,461,713	-0.08%	(\$4,182)
R&R/ Minor Cap./Public Works Projects	3,280,023	3,553,583	8.34%	273,560
Other Transfers	25,000	0	-100.00%	(25,000)
Transfer for capital plan support	2,563,266	3,309,535	29.11% 6	746,269
Total Non-Operating Expenditures	\$11,334,184	\$12,324,831	8.74%	\$990,647
Total Expenditures	\$36,312,741	\$38,047,819	4.78%	\$1,735,078
EXCESS (DEFICIT) OF REV OVER EXP	\$0	\$0		\$0

FOOTNOTES TO THE ATTACHED 2012-13 HOUSING & DINING SYSTEM PROPOSED BUDGET

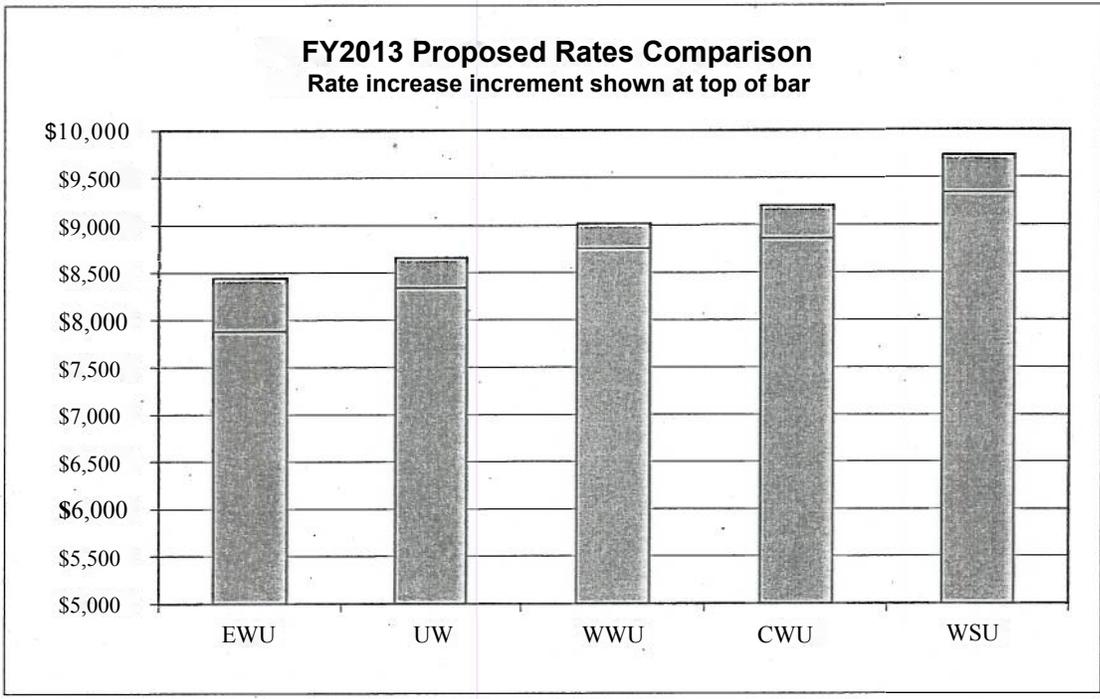
- (1) The 2011-12 Budget, as approved by the WWU Board of Trustees April 2011, is shown to compare with the 2012-13 proposed budget. After Fall opening, adjustments were made based on an analysis of opening residence hall and apartment occupancy. Those October 2011 revisions are not shown here.
- (2) Investment income reduced to reflect estimate actual returns based on investment pool earnings.
- (3) Other Income includes: Western Card replacements, Ticket Sales, and interdepartmental support recharges.
- (4) The Food Service line incorporates expenses for residential dining, catering, conference dining and departmental food costs. The variance shown is due to the anticipation of a board plan price increase (dining rate increase is currently under negotiation), and increased voluntary meal plans.

(5) Line item total includes institutional services recharge (ASA) and the expense for University Police Greencoats (Safety Assistants). The WWU overhead assessment rate used here for FY2013 is 5.5% vs. 4.5% for FY2012.
- (6) The "Transfer for Capital Plan Support" is an allocation representing Operating, Non-Operating and Building Fee funds to be placed into the System's Renewal & replacement Reserve Fund for planned Capital Plan projects For University Residences and the Viking Union.

**WASHINGTON PUBLIC UNIVERSITIES
RESIDENCE HALL ROOM & BOARD PLAN COSTS
FY2013 (as of 2/28/12)**

Fors Double Room with Best-as-Possible Program & Meal Plan Comparison:

	EWU	UW	WWU	CWU	WSU
	Gold	"Level 4" Est.	125	Large	Level 2
	1.5-5.5 meals/wk plus Points	equivalent of 12-14 meals/wk	Approx. 12+ meals/wk + \$450 Points	Equivalent to Approx. 14 meals/wk	Equivalent to Approx. 14 meals/wk
What you'd see on their Web Page	\$8,442	\$8,655	\$9,018	\$9,201	\$9,732
Additional Charges not Shown as Part of the Base Rate	\$30	\$0	\$0	\$0	\$254
xTotal; Cost <)f a Double Room and Meals:	\$8,472	\$8,655	\$9,018	\$9,201	\$9,986
Amount of Increase Over 2011-12	Proposed 7.1%	Proposed 3.8%	Proposed 3.0%	estimated 3.9%	Approved 4.3%



WESTERN WASHINGTON UNIVERSITY
HOUSING & DINING SYSTEM

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TEN YEAR HISTORY OF RESIDENCE HALL RATES		
ACADEMIC YEAR	ACADEMIC YEAR RATE with 125 BLOCK PLAN*	% OF CHANGE
2002-03	\$5,648	
2003-04	\$5,945	5.25%
2004-05	\$6,242	5.00%
2005-06	\$6,523	4.50%
2006-07	\$6,784	4.00%
2007-08	\$7,089	4.50%
2008-09	\$7,412	4.50%
2009-10	\$8,076 *	4.75%
2010-11	\$8,419	4.25%
2011-12:	\$8,755	4.00%
10-Year Average	\$9,018	4.38%
10-Year Average Percentage Change		
		4.38%

* The meal plan used for comparison changed in 2009-10 from the Gold /100 to the 125 Meal Plan

SAMPLE ROOM & BOARD RATES and APARTMENT RENTS FOR 2012-2013			
Room & Board Plans: Academic Year (@ 3% increase) Acmal Proposed	2011-12%	2012-13 <small>at 3% inc.</small>	2012-13 Cost per Month
Double Room with Unlimited meal plan	\$9,100	\$9,373	\$1,041
Double Room with 125-Block meal plan	\$8,755	\$9,018	\$1,002
Double Room with 100-Block meal plan	\$8,417	\$8,670	\$963
Double Room w/ 75-Block meal plan	\$8,075	\$8,317	\$924
Triple Room with 125-Block meal plan	\$7,618	\$7,847	\$872
Single Room Room with 125-Block meal plan	\$9,689	\$9,980	\$1,109
Biram Wood Apartment Rents: Academic Year (3% increase)			
Biram Wood: Monthly rate per person per bed (Two bedrooms with 4 occupants)	\$321	\$331	\$331