

**WESTERN WASHINGTON UNIVERSITY
HOUSING & DINING SYSTEM
2015-2016 PROPOSED RATES**

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

PRO-FORMA SUMMARY:

March 2, 2015

Introduction

The attached budget, rates and supporting documentation represents the recommendations for fiscal year 2015-16. The department's leadership has strived to account for the potential impact on the System, and the proposed rate increase has been thoughtfully considered relative to the total cost for students to attend Western. Each operating line item in the budget has been reviewed to ensure that revenue opportunities are examined and costs are managed carefully. This budget and rate proposal responsibly responds to inflationary pressures, maintains the core functions of Western's quality residential program, and adds some components to increase student satisfaction and success. As with every year, a major influence for planning came from the University's Strategic Plan along with the 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 addresses the long term financial strength of the System and 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. Projects planned for fiscal year 2016 include the completion of the two-phase Nash fire sprinkler and seismic project, and the Kappa fire sprinkler and renovation project. Capital projects planned over the following 10 years include room and bathroom renovations, building envelope upgrades, upgrades to radiant heat systems, and new furnishings.

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 increase addresses external rate pressures such as inflationary and recharge rate increases, and continues transfers to the System's capital plan that support the System's ongoing investment in renovations. Enhancements for 2016 include the addition of tutoring services in housing and dining facilities, adding expanded food options and increasing dining hours, increased internet bandwidth, and improved package delivery. The System's staff continue to look for efficient operating methods and ways to bring services to students. State funds are not used to support the Housing & Dining System.

Proposed Rate Increase:

- The proposed Residence Hall and Birnam Wood rate increase is 3%.
- The budget and rate materials presented below show that the System can support its 2015-16 programs with a rate increase of 3% based on our current understanding of expected inflationary pressures.
- The 3% increase is consistent with the long range financing plan presented to the Board of Trustees which projects annual increases for the System in the 3.5% -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 Meal Plan increases \$43/month or \$386 for the school year.
- Birnam Wood: With 4 residents per unit: 3% increases the rent \$10.62/month or \$96 for the school year.

Background Information and Revenue & Expenditure Details:

Comments and figures pertaining to FY2016 are as compared to the FY2015 proposed budget and rates presented at the April 2014 Board of Trustees meeting.

Revenue Highlights and Assumptions

- Overall, the budgeted Operating Revenue increase is \$1,184,000 or 2.9% over FY2015's proposed budget.
- Occupancy projections assume Fall 2015 week two residence hall counts being the same as was proposed for Fall 2014 (3,525). Actual Fall 2014 week two residence hall occupancy was 3,531. Residence hall + apartment occupancy budgeted for Fall 2015 week two count is 4,033 vs. 4,036 proposed last year (Fall 2014.)
- Commissions increase per WWU-Aramark Agreement.
- Conference revenues increase 2.9% or \$16,000 effect of a 3% rate increase and adjustment to anticipated conference bookings.
- Viking Union revenues decrease slightly to adjust to expected actual revenues. Certain chargebacks are under discussion; the possible increase is not shown here. The Building fee increases \$2, resulting in a revenue increase of \$42,000 or 2.6%. S&A Fee revenue is shown at a slight increase to adjust to anticipated enrollment patterns.

Operating Expenditures Highlights and Assumptions

- Budgeted Operating Expenditures are projected to increase by \$1,109,000 or 4%.
- Wages and Benefits increase \$361,000 or 5.5%. Primary drivers for the increase are a 3% possible State cost of living increase, increase to the State minimum wage, and impact of the State market wage comparison.
- Dining services rates are under negotiation. The increase shown includes an estimated residential dining rate increase per the WWU-Aramark Agreement, additional fresh fruit options, and expanded weekend dining hall hours.
- Utilities: Taken together the various utilities expenditures decrease approximately \$72,000 (-2.5%), influenced primarily by the heat/natural gas line item.
- Maintenance and repairs increase \$161,000 or 7.4% to reflect labor recharge increase as a result of State cost of living increase, supply increases and increased maintenance needs.
- Institutional Services, which includes the University's Administrative Services Assessment (ASA) and University Police (Greencoat security staff) increases \$60,000, or 4%. The ASA recharge rate is projected to be 5.5% of adjusted revenue; the same percentage as FY2015.

Non-Operating Expenditures Highlights and Assumptions

- Allocations for major repairs and planned renovations and capital plan project costs or transfers increase \$241,000 or 3.2%. This investment in the existing facilities keeps the System ahead of targeted levels per the fiscal principles established by the Board of Trustees.
- Bond debt service expenditures decrease \$166,000 or 3% due to the effect of the February 2015 refunding of the 2005 and 2006 bonds.
- Overall, budgeted Non-Operating expenditures and transfers increase \$75,648 or 0.58%.

**WESTERN WASHINGTON UNIVERSITY - HOUSING AND DINING SYSTEM
PROPOSED OPERATIONS FOR BUDGET YEARS ENDING JUNE 30, 2015 &**

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	PROPOSED BUDGET 2014-15 As Presented to BOT ¹	DRAFT BUDGET 2015-16 As of 2/27/15	PERCENT CHANGE	DIFFERENCE BUDGET \$	
REVENUES					
Room and Board Payments	\$34,635,000	\$35,630,000	2.87%	2	\$995,000
Room and Board Fees and Penalties	160,500	174,500	8.72%		14,000
Investment Income	34,000	34,000	0.00%		0
Bond Interest Subsidy	295,637	295,637	0.00%		0
Housing Rentals	100,850	110,850	9.92%		10,000
Conferences	546,069	562,099	2.94%		16,030
Commissions	1,848,800	1,930,800	4.44%		82,000
Viking Union Programs & Services	150,700	148,900	-1.19%		(1,800)
S & A Fee Distribution (Viking Union)	1,253,000	1,268,182	1.21%		15,182
Building Fee (Viking Union)	1,606,579	1,648,500	2.61%		41,921
Other	108,150	120,150	11.10%	3	12,000
Total Revenues	\$40,739,285	\$41,923,618	2.91%		\$1,184,333
OPERATING EXPENDITURES					
Salaries & Benefits	\$6,555,465	\$6,916,853	5.51%	4	\$361,388
Food Service (net of capital contribution)	11,954,371	12,358,494	3.38%	5	\$404,123
Communications	367,999	363,580	-1.20%		(\$4,419)
Electricity	782,023	777,335	-0.60%		(\$4,688)
Heat	1,277,761	1,193,160	-6.62%	6	(\$84,601)
Water/Sewer	462,358	534,799	15.67%		\$72,441
Refuse Disposal/Recycling	266,812	207,051	-22.40%		(\$59,761)
Television Cable	116,725	121,725	4.28%		\$5,000
Maintenance & Repairs	2,178,203	2,338,738	7.37%		\$160,535
Operating Supplies	255,479	308,650	20.81%		\$53,171
Equipment	473,811	461,712	-2.55%		(\$12,099)
Insurance	472,722	484,102	2.41%		\$11,380
Rentals and Operating Leases	14,475	15,475	6.91%		\$1,000
Re-charged Services & ASA	1,503,018	1,562,936	3.99%	7	\$59,918
Student Services Support	222,000	222,000	0.00%	8	\$0
Other Expenditures	880,519	1,025,816	16.50%	9	\$145,297
Total Operating Expenditures	\$27,783,741	\$28,892,426	3.99%		\$1,108,685
NON-OPERATING EXPENDITURES/TRANSFERS					
Bond Debt Service	\$5,373,965	\$5,208,122	-3.09%	10	(\$165,843)
R&R/ Minor Cap./Public Works Projects	3,737,246	2,500,000	-33.11%	11	(1,237,246)
Other Transfers	0	0	0.00%		0
Capital plan projects: Expensed or transferred	3,844,333	5,323,070	38.47%	11	1,478,737
Total Non-Operating Expenditures	\$12,955,544	\$13,031,192	0.58%		\$75,648
Total Expenditures	\$40,739,285	\$41,923,618	2.91%		\$1,184,333
EXCESS (DEFICIT) OF REV OVER EXP	\$ (0)	\$ 0	0.00%		\$ 0

SEE FOOTNOTES FOR EXPLANATIONS

FOOTNOTES TO THE ATTACHED 2015-16 HOUSING & DINING SYSTEM PROPOSED BUDGET

- (1) The 2014-15 Budget, as approved by the WWU Board of Trustees April 2014, is shown to compare with the 2015-16 proposed budget. After Fall opening, adjustments were made based on an analysis of opening residence hall and apartment occupancy. Those October 2014 revisions are not shown here.
- (2) Room & Board rate increase is proposed at 3%. Percent change varies due to slight adjustments to occupancy attrition and to voluntary meal plan revenue. Opening residence hall counts uses same as 2014-15 proposed opening counts.
- (3) Other revenue increase due to fines and fees revenue reported at estimated actuals. No change in those fee levels.
- (4) FY2016 increase incorporates minimum wage increase plus the effect of estimated 3% State cost of living increase plus impact of state-wide classified position salary market survey.
- (5) The Food Service line incorporates expenses for residential dining, catering, conference dining and departmental food costs. The increase shown is due to board plan price increase and some enhancements to the board dining program, and an adjustment to voluntary meal plan counts.
- (6) Natural gas budget reduced to reflect recent history and planned levels.
- (7) Line item total includes institutional services recharge (ASA) and the expense for University Police Greencoats (Safety Assistants). The WWU overhead assessment rate used for FY2016 is 5.5%; same as FY2015.
- (8) Support to Enrollment & Student Services components that support the University Residences mission.
- (9) This category includes expenditures for: Support provided to other departments pertaining to URes programs, student activities, audit, consultant, and client services, printing & copies, laundry, and other. Increase primarily due to shift of one position from a payroll line to a recharge line, and addition of software licensing for facilities. Slight increases in printing, training, & travel.
- (10) Reduction in debt service expense due to the February 2015 bond refinancing.
- (11) 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. FY2016 shifts the capital plan-type projects more properly to the Capital Plan line. FY2016 includes savings from 2015 bond refinancing.

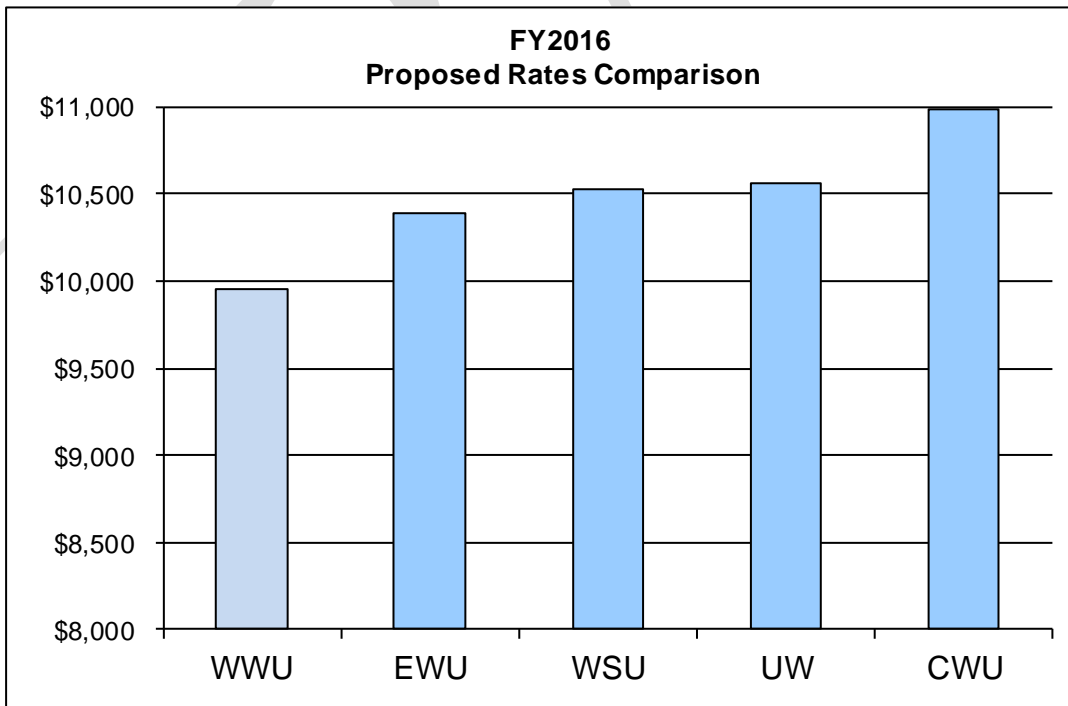
**WASHINGTON PUBLIC UNIVERSITIES
RESIDENCE HALL ROOM & BOARD PLAN COSTS
FY2016 (3/2/15)**

Weighted Ave. Double Room Cost with Best-as-Possible Meal Plan Comparison:

	WWU	EWU	WSU	UW	CWU
	125 Block	Gold	Level 2	"Level 4"	"Large"
Live on Requirement?	None	First year students	Freshmen	None	Freshmen
Type of Meal Plan	Meals & Points	Meals & Points	Declining Balance	Declining Balance	Declining Balance
Elements of the Meal Plan	Approx. 12+ meals/wk + \$480 Points	Equivalent to 2 to 3 meals per day	Equivalent to Approx. 14 meals/wk	Equivalent of 13-15 meals/wk	Equivalent to Approx. 14 meals/wk
Average cost of Double Room across Bldg Types	\$9,952	\$10,265	\$10,312	\$10,449	\$10,983
Additional Charges not part of the base	\$0	\$120 ¹	\$0	\$108	\$0
Cost of a Double Room and Meals:	\$9,952	\$10,385	\$10,521	\$10,557	\$10,983
Rate of Increase Over 2014-15	Proposed 3.0%	Proposed 6.6%	Approved 2.6%	Proposed 0%	Proposed NTE 5%

Footnotes:

¹ Not shown: EWU incentive of \$290 in-kind services if sign by May 15th.



**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
2005-06	\$6,523	
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%
2012-13	\$9,019	3.00%
2013-14	\$9,290	3.00%
2014-15	\$9,662	4.00%
2015-16	\$9,952	3.00%
10-Year Average Percentage Change		3.90%

* 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 2015-20156

Room & Board Plans: Academic Year (@ 4% increase)	2014-15 Actual	at 3% incr. 2015-16 Proposed	2015-16 Cost per Month
Double Room with Unlimited meal plan	\$10,042	\$10,444	\$1,160
Double Room with 125-Block meal plan	\$9,662	\$10,048	\$1,116
Double Room with 100-Block meal plan	\$9,290	\$9,662	\$1,074
Double Room w/ 75-Block meal plan	\$8,908	\$9,264	\$1,029
Triple Room with 125-Block meal plan	\$8,407	\$8,743	\$971
Single Room with 125-Block meal plan	\$10,691	\$11,119	\$1,235
Birnam Wood Apartment Rents: Academic Year (3% increase)			
Birnam Wood: <u>Monthly</u> rate per person per bed (Two bedrooms with 4 occupants)	\$354	\$365	\$365