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## VIKING UNION BUDGET AND FEE PROPOSAL FISCAL YEAR 2017

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### Viking Union Revenue (with no Mandatory Fee Increase)

The Viking Union Receives Revenue from the Non-Academic Building Fee, a fixed portion of the Service and Activity Fee, and service fees collected through operations of Lakewood, VU Event Services and Vendors Row to name a few. For Fiscal Year 2017, the Viking Union is planning on discontinuing retail sales (candy and sundries) at the VU Information Desk because the minimal net revenue was not financially sustainable for the support needed to run a cash based operation. The Information Desk will continue to operate as a campus lost and found and welcoming space in the Viking Union. Additionally, due to a number of management concerns, Viqueen Lodge will not be rented out to students or alumni in 2017. Viking Union Outdoor Recreation staff will be conducting a strategic planning process to determine future use of the facility as a student program.

The Viking Union is anticipating additional service fee revenues to be generated through Event Services. New fees are being proposed for On-Campus "endorsed" events that align Viking Union Room Rental Rates with University's Conference Services fee structure and methodology for administering fees. Additional fees for equipment use outside of the Viking Union are being developed to support the additional wear and tear involved in transporting and setting up equipment in other facilities. In addition, the Viking Union is proposing an increase to the Non-Academic Building Fee. This proposed increase is not reflected in the chart below.

	FY 17 Budget	FY16 Budget	FY 15 Actuals
<b>Service And Activity Fee</b> \$32/Quarter-Fixed at the S&A Fee process.	\$ 1,268,182	\$ 1,268,182	\$ 1,285,318
<b>Non Academic Building Fee</b> \$39/Quarter Mandatory Student Fee	\$ 1,620,500	\$ 1,620,500	\$ 1,620,654
Lakewood-Service Fees	\$ 45,500	\$ 45,500	\$ 48,310
<b>Event Services-Service Fees</b>	\$ 96,400	\$ 81,800	\$ 101,230
<b>Information Desk-Service Fees</b>	\$ -	\$ 10,000	\$ 5,768
<b>VU Operations- Service Fees</b>	\$ 19,100	\$ 19,100	\$ 19,019
<b>Viqueen Lodge-Service Fees</b>	\$ -	\$ 2,500	\$ 2,020
<b>Total</b>	<b>\$ 3,049,682</b>	<b>\$ 3,047,582</b>	<b>\$ 3,082,319</b>

### Viking Union Expenses

The goal in developing Viking Union Facilities expense budgets was to limit increases to projected inflation or redistributions of allocations from the previous fiscal year. Non-inflationary increases to budgets include increased costs for benefits, cost of living increases for Classified and Professional Staff, a mandatory salary range adjustment for program support supervisors, and step increases for a few classified staff.

With these minimal changes the Viking Union is projecting the expenses will exceed gross revenue by \$95,000 or 3% of the total budget. Over the last three years budgeted expense have grown from approximately \$2.79M

to a projected \$3.14M (approx. \$350K). The major cause of these increase are from newly committed salaries to the Viking Union and as part of a unit reorganization, divisional rebasing, cost of living increase to personnel and inflationary expenses. The impact of these increases has nearly eliminated the Viking Union Facilities financial capacity to complete Non-Operating projects and contribute funds to reserves.

	<b>FY 17 Budget</b>	<b>FY16 Budget</b>	<b>FY 15 Actuals</b>
<b>Bond Payment</b>	<b>\$ 1,056,328</b>	<b>\$ 1,056,328</b>	<b>\$ 1,056,328</b>
<b>Salaries and Benefits</b>	<b>\$ 1,158,908</b>	<b>\$ 1,099,450</b>	<b>\$ 1,004,193</b>
<b>Supplies and Materials</b>	<b>\$ 45,650</b>	<b>\$ 40,400</b>	<b>\$ 42,018</b>
<b>Utilities</b>	<b>\$ 289,290</b>	<b>\$ 297,090</b>	<b>\$ 265,489</b>
<b>Repairs and Maintenance</b>	<b>\$ 304,300</b>	<b>\$ 295,100</b>	<b>\$ 274,559</b>
<b>Misc. Operating expense</b>	<b>\$ 96,158</b>	<b>\$ 81,234</b>	<b>\$ 93,534</b>
<b>Operating Equipment</b>	<b>\$ 84,200</b>	<b>\$ 88,074</b>	<b>\$ 49,389</b>
<b>Institutional Recharges</b>	<b>\$ 113,250</b>	<b>\$ 143,214</b>	<b>\$ 122,208</b>
<b>Total</b>	<b>\$ 3,148,084</b>	<b>\$ 3,100,890</b>	<b>\$ 2,907,718</b>

## **Proposed Fee Increase**

### Mandatory Fee

The most realistic way to correct the projected budget deficit is to increase the Non-Academic Building Fee.

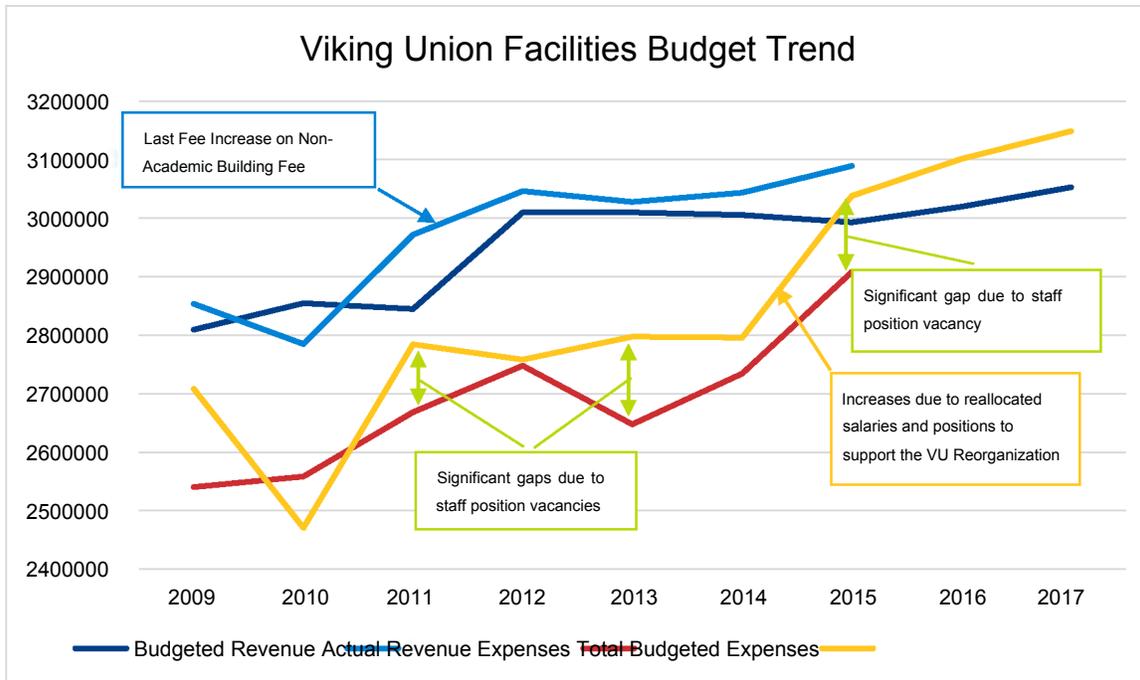
The last increase the Non Academic Building Fee was 2011 when the fee increase by \$2 per student per quarter to its current level of \$39/quarter. In 2015 the VU Proposed a \$2.50 increase the fee in order to increase revenue to balance the budget. The proposal was unanimously supported by the AS Facilities and Services Council, however the AS Board did not support fee increase due to concerns about the rising cost of tuition.

Since 2011 the costs of operating facilities and employing personnel have steadily increased (see chart below).

In a fully healthy funding model the Viking Union would generate enough revenue to pay for operations and have enough net revenue to fund projects and contribute to reserves each year. Since 2014 the capacity to contribute to reserves has severely been reduced. The immediate impacts have been diminished by temporary

position vacancies although when all positions are filled the long term projections are not sustainable. The graph below shows actual and budgeted revenues and expenditures since 2009.

For 2017 the Viking Union Facilities is proposing four options to the council to help with the decision making around future financial support for the Viking Union. These options were presented to the AS Facilities and



Services council at the end of February and the council unanimously supported Plan D to fully fund VU Operations and a commitment to Non-Operating projects.

Fee Increase Options for VU Facilities	
<b>Plan A</b>	The highest priority is receiving enough of a fee increase to balance the budget. At \$2.50 the increase generates an additional \$104K to cover anticipated deficit in the Viking Union Budget. This would not generate reliable enough funding to fully support operations and contribute to Non-Operating projects or reserves.
<b>Plan B</b>	Second priority would be to cover the budget deficit and add a position supporting Viking Union Facilities Operations. By replacing a portion of high overhead services from Facilities Management with in-house staff, and reorganizing responsibilities, a \$3.00/term increase would cover both the deficit amount and a position. This would not contribute much to Non-Operating projects or Reserves. The Viking Union could in the short term fund these types of projects out of current reserve balance.
	<p><b>Position Goals</b></p> <ul style="list-style-type: none"> <li>• Lead in the Daily Activities for Facility Care</li> </ul>

- Coordination of Daily Maintenance Services
- Support for Viking Union Fixtures Furnishings and equipment
- Promote sustainability, and accessibility in operations

**Finances**

The estimated cost for salary and benefits for this position are estimated at approximately \$65K entry level salary. An Estimated \$40K for this position will come from reallocating current job duties from a Facilities Management assigned Maintenance Mechanic to this position. Currently we pay \$70/hour to Facilities Management for a Maintenance Mechanic which includes both salary and overhead. This positions salary and benefits per hour would be about \$30/hour.

**Plan C** This third priority also calls for a \$3.00 increase and focuses increased revenue sole toward funding Non-Operating Projects and possibly return some funds into Reserves. Non-Operating and Capital plan projects are critical for the long term revitalization of a facility and program. These are large investments in infrastructure and equipment to enhance, modernize and just maintain core functions. Projects can be funded by both annual revenue and reserve dollars. Additionally Reserves and Non-operating dollars can infuse cash into large scale construction projects rather than bonding a project and paying interest.

Example Non-Operating/Capital Projects	Estimated Cost
<b>Lakewood ADA Parking Spaces</b>	<b>\$120K</b>
<b>Playground Resurfacing at the Child Development Center</b>	<b>\$20K</b>
<b>VU 4<sup>th</sup> Floor West Carpet Replacement</b>	<b>\$45 K</b>
<b>Viqueen Composting toilet</b>	<b>\$35K</b>

**Plan D** This final option funds both adequate levels for staffing and generates enough annual revenue to fund Non-Operating Projects and contribute to Reserves.

Financial Impacts	2017 Plan A	2017 Plan B	2017 Plan c	2017 Plan D
<b>Fee Increase (nearest \$0.25)</b>	\$ 2.50	\$ 3.00	\$ 3.00	\$ 4.00
<b>Revenue</b>	\$ 3,156,060	\$ 3,176,836	\$ 3,176,836	\$ 3,218,387
<b>Expenses</b>	<u>\$ 3,148,085</u>	<u>\$ 3,164,085</u>	<u>\$ 3,148,085</u>	<u>\$ 3,164,085</u>
<b>Resulting Net</b>	\$ <b>7,975</b>	\$ <b>12,751</b>	\$ <b>28,751</b>	\$ <b>54,302</b>

Service Fees

In addition to increasing the Non-Academic Building Fee, the Viking Union is also planning to increase revenues from service areas like Lakewood and Event Services. The goal is to increase service fees for

departments, alumni, and off-campus users. By only targeting these users the hope is to maintain low fees to students and help minimize future increases to the Non-Academic Fee. Specific fee and rate charges will be presented to the Facilities and Services committee later this quarter.