

**WESTERN WASHINGTON UNIVERSITY
HOUSING & DINING SYSTEM
2017-2018 PROPOSED RATES**

**Presented to the Residence Hall Association & Associated Students Board of
Directors**

**PRO-FORMA SUMMARY:
March 3, 2017**

Introduction

The attached budget, rates and supporting documentation represents the recommendations for fiscal year 2017-18. This budget and rate proposal responsibly responds to inflationary pressures, maintains the core functions of Western's quality residential program, and enables the System to begin a comprehensive program of facility renewals. As with every year, a major influence for planning came from the standards and expectations outlined in the Principles for the Housing & Dining System. This recommended budget meets those standards and ensures 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, "in-situ" conversations with students, and committees as well as the most recent projections for revenue and expenditures.

The Capital Plan, System Renovations, and New Facility Planning

The System's capital planning is guided by the Enrollment and Student Services Housing & Dining Capital Plan which addresses the long term financial strength of the System and ensures the System's facilities meet Western's enrollment expectations, 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 years ahead will see significant renovation activity per needs identified in the recently completed facilities condition assessment that identifies infrastructure replacement, predicted renewals, and facility refurbishments. Over the next 10+ years projects will receive financing through cash and bond issuances. Subsequent facility and fiscal planning will determine the level of investment necessary over each of the next several years. In addition, the System completed schematic design for a new residential facility proposed for south campus and geared for upper division students. Renovation projects already planned for fiscal year 2018 include the Buchanan Towers north wing renovation, completion of the Ridgeway Gamma renovation, and the Carver retail dining platform.

Why is a Housing Rate Increase Needed?

The proposed rates represent the System's continued efforts to provide a quality residential experience at an affordable cost. The attached documents review impact of additional cost to the system and responses to those impacts. The rate increase addresses external rate pressures such as inflationary and recharge rate increases, and reflect continued financial positioning in response to the demands of needed facility renovations. The System's staff continue to research efficient operating methods and ways to develop and bring relevant services to the student residential experience. State funds are not used to support the Housing & Dining System.

Proposed Rate Increase:

The proposed Residence Hall and Birnam Wood rate increase is 6%.

- The budget and rate materials presented below show that the System can support its 2017-18 programs with a rate increase of 6% based on our current understanding of expected inflationary pressures.
- A 6% increase is consistent with the long range financing plan presented to the Board of Trustees in December 2016 which projects annual increases for the System in the 4% -6% range over a ten year period.

Impact of the Rate Increase

- Residence Halls: At a 6% increase, a double room w/125 Meal Plan increases \$69/month or \$621 for the school year.
- Birnam Wood: With 4 residents per unit: 6% increases the rent \$22.75/month or \$205 for the school year.

Background Information and Revenue & Expenditure Details:

Comments and figures pertaining to 2017-18 are compared to the 2016-17 proposed budget and rates presented at the April 2016 Board of Trustees meeting.

Revenue Highlights and Assumptions

- Overall, the budgeted Operating Revenue increase is \$2,697,849 or 6.2% over FY2017's proposed budget.
- Occupancy projections assume Fall 2017 week two residence hall counts being 10 students higher than was proposed for Fall 2016 (3,485 vs 3,475). Actual fall 2016 week two residence hall occupancy was 3,516. Residence hall + apartment occupancy budgeted for fall 2017 week two count is 3,985 vs. 3,975 proposed for fall 2016.
- Commissions increase per WWU-Aramark Agreement.
- Conference revenues increase \$131,000 or 33% due to a slight rate increase and the return of a large group that was absent Summer 2016.
- Viking Union services revenue increase \$19,000 or 12% reflecting some rate increases and additional fee-based use by WWU and outside groups. Building Fee is shown at a proposed increase of \$2 per quarter, pending review and approval.

Operating Expenditures Highlights and Assumptions

- Budgeted Operating Expenditures are projected to increase by \$1,450,648 or 4.9%.
- Wages and Benefits increase \$216,000 or 3%. The budget incorporates estimates for salaried and student positions and minimum wage increases, and a 2 – 2.5% increase to full time staff. No additional FTE positions are planned.
- Dining services rates are under negotiation. The increase shown includes an estimated residential dining rate increase per the WWU-Aramark Agreement, and estimates of to-be-finalized programmatic additions.
- Utilities: Taken together the various utility expenditures increase approximately \$47,000 (1.6%). Increases in water/sewer and waste removal are offset by a slight reduction in natural gas expenditures.
- Maintenance and repairs increase \$266,000 or 10.5% to reflect increased maintenance needs, particularly in University Residences. The budget incorporates a Facilities Management recharge rate increase of 2.7%.
- Administrative Services Assessment (ASA) shows an increase of \$186,000 or 12.4% due to an increased fee (5.775% vs 5.5% in FY2017) on increased revenue.

Non-Operating Expenditures Highlights and Assumptions

- Allocations for major repairs and planned renovations and capital plan project costs or transfers decrease \$600,000 or -2.6%, while transfers into the capital plan for renovations increases \$1,312,000 or 22%. FY2018 marks the first year of the recently-announced program of major renovations with over \$16 million of renovations planned. Forthcoming years will see annual expenditures ranging from \$16 - \$26 million, to be funded by combinations of cash and debt.
- Overall, budgeted Non-Operating expenditures and transfers increase \$1,247,000 or 9.3%.

**WESTERN WASHINGTON UNIVERSITY - HOUSING AND DINING SYSTEM
PROPOSED OPERATIONS FOR BUDGET YEARS ENDING JUNE 30, 2017 & 2018**

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	PROPOSED BUDGET 2016-17 As Presented to BOT	DRAFT BUDGET 2017-18 As of 3/6/17	PERCENT CHANGE	DIFFERENCE BUDGET \$
REVENUES				
Room and Board Payments	\$36,627,000	\$38,785,000	5.89% 2	\$2,158,000
Room and Board Fees and Penalties	229,500	232,500	1.31% 3	3,000
Investment Income	49,000	59,000	20.41%	10,000
Bond Interest Subsidy	295,637	282,445	-4.46%	(13,192)
Housing Rentals	125,850	130,850	3.97%	5,000
Conferences	401,330	532,099	32.58% 4	130,769
Commissions	2,244,434	2,558,699	14.00% 5	314,265
Viking Union Programs & Services	161,000	180,200	11.93%	19,200
S & A Fee Distribution	1,268,182	1,276,182	0.63%	8,000
Building Fee	1,786,705	1,872,512	4.80% 6	85,807
Other	66,150	43,150	-34.77% 7	(23,000)
Total Revenues	\$43,254,788	\$45,952,637	6.24%	\$2,697,849
OPERATING EXPENDITURES				
Salaries & Benefits	\$7,191,987	\$7,407,649	3.00% 8	\$215,662
Food Service (net of capital contribution)	12,640,707	13,421,619	6.18% 9	\$780,912
Communications	347,080	313,230	-9.75%	(\$33,850)
Electricity	789,835	795,835	0.76%	\$6,000
Heat	1,103,160	1,093,106	-0.91% 10	(\$10,054)
Water/Sewer	594,499	604,499	1.68%	\$10,000
Refuse Disposal/Recycling	300,651	338,651	12.64% 11	\$38,000
Television Cable	123,725	126,725	2.42%	\$3,000
Maintenance & Repairs	2,541,188	2,807,470	10.48% 12	\$266,282
Operating Supplies	346,130	320,730	-7.34%	(\$25,400)
Equipment	383,838	403,920	5.23%	\$20,082
Insurance	484,102	494,102	2.07%	\$10,000
Rentals and Operating Leases	34,925	34,272	-1.87%	(\$653)
Administrative Services Assessment (ASA)	1,509,387	1,695,879	12.36% 13	\$186,492
Student Services Support and other Recharges	400,100	408,100	2.00%	\$8,000
Other Expenditures	985,744	961,919	-2.42% 14	(\$23,825)
Total Operating Expenditures	\$29,777,058	\$31,227,706	4.87%	\$1,450,648
NON-OPERATING EXPENDITURES/TRANSFERS				
Bond Debt Service	\$5,212,160	\$5,206,943	-0.10%	(\$5,217)
R&R/ Minor Cap./Public Works Projects	2,300,000	2,240,000	-2.61% 15	(\$60,000)
Other Transfers	0	0	0.00%	0
Capital plan projects: Expensed or transferred	5,965,570	7,277,988	22.00% 16	1,312,418
Total Non-Operating Expenditures	\$13,477,730	\$14,724,931	9.25%	\$1,247,201
Total Expenditures	\$43,254,788	\$45,952,637	6.24%	\$2,697,849
EXCESS (DEFICIT) OF REV OVER EXP	\$ (0)	\$ 0	0.00%	\$ 0

SEE NEXT PAGE FOR FOOTNOTE EXPLANATIONS

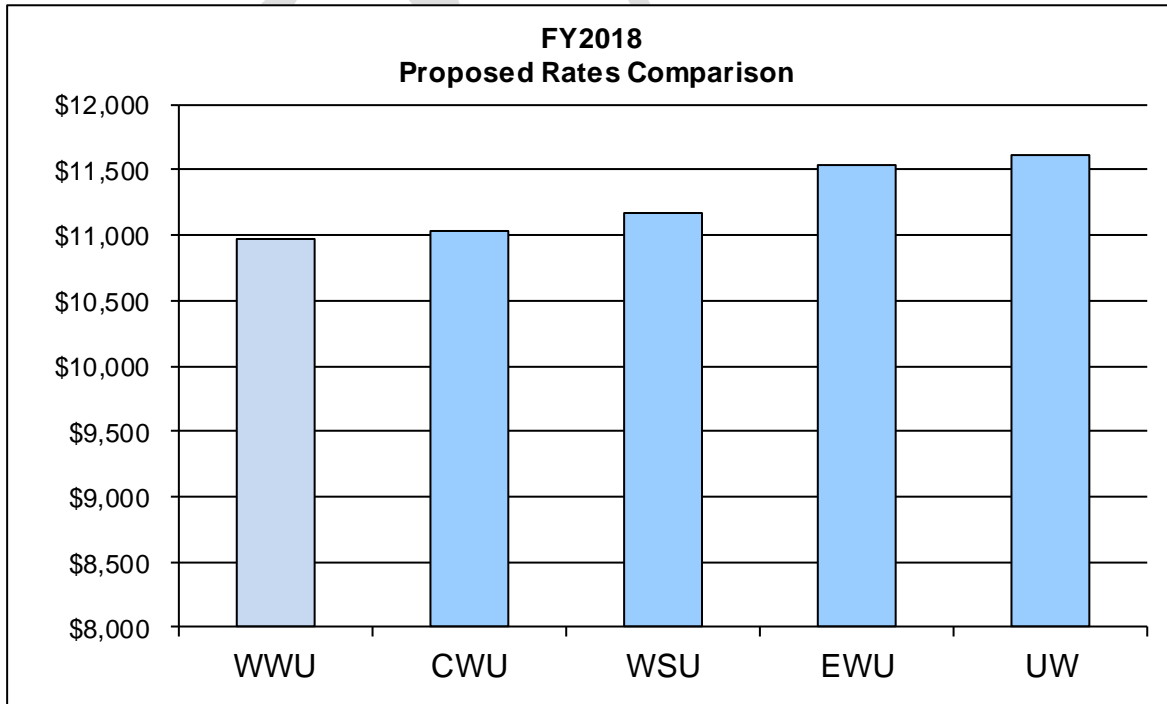
FOOTNOTES TO THE ATTACHED 2017-18 HOUSING & DINING SYSTEM PROPOSED BUDGET

- (1) The 2016-17 Budget, as approved by the WWU Board of Trustees April 2016, is shown to compare with the 2017-18 proposed budget. After Fall 2016 opening, adjustments were made based on an analysis of opening residence hall and apartment occupancy. Those October 2016 revisions are not shown here.
- (2) Room & Board rate increase is proposed here at 6%. Percent change shown varies due to adjustments to opening occupancy and attrition. Opening residence hall count increased by 10 over the 2016-17 proposed opening level.
- (3) No increase in underlying fee/penalties rates. Line item increase due to adjusting expected actuals.
- (4) Conference revenue increase over a 3% - 4% rate increase due to the return of one long-standing group after a one-year hiatus.
- (5) Food service commissions adjusted to reflect expected actuals.
- (6) Building Fee Revenue drafted at a \$2/Qtr fee increase as a rough estimate only. Discussions within the VU and A.S Facilities & Services Council are still in process.
- (7) Reduction due to a correction of card office support cost coding.
- (8) FY2018 FTE wage rate increase is estimated and incorporates cost of living increases at the WWU-recommended level and per bargaining unit agreements. Minimum wage increase is per state mandate. No
- (9) Food Service 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 still under negotiation.
- (10) Natural gas budget reduced to reflect recent history and planned levels.
- (11) Increase to match expected actuals for garbage and recycling services
- (12) Increase reflects additional investment in facilities per estimated actuals. Recharge rate increase estimated at 2.7%.
- (13) The recharge rate for the Administrative Services Assessment (ASA) for FY2018 is 5.775%. FY2017 rate was 5.5%.
- (14) This category includes expenditures for: Support provided to other departments pertaining to URES programs, student activities, audit, consultants and client services, printing & copies, laundry, and other. Increase
- (15) Major repairs allocation reduced here and incorporated into the Transfer to Capital Plan line reflecting needs
- (16) 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 and significant renovations to University Residences and Viking Union facilities.

**WASHINGTON PUBLIC UNIVERSITIES
RESIDENCE HALL ROOM & BOARD PLAN COSTS
FY2018 (as of 2/24/17)**

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

	WWU	CWU	WSU	EWU	UW
	125 Block	"Large"	Level 2	Gold	"Level 4"
Residence Hall Room Pricing Model	All rooms priced same	New/Renovated rooms priced higher	New/Renovated rooms priced higher	New/Renovated rooms priced higher	New/Renovated rooms priced higher
ResHall Rooms / Total Rooms	3,535 / 4,050	2,473 / 2,656	5,375 / 7,250	2,021 / 2,375	5,315 / 7,240
Live on Requirement?	None	First year students	First year students	First year students	None
Type of Meal Plan	Meals & Points	Declining Balance	Declining Balance	Meals & Points	Declining Balance
Elements of the Meal Plan	Approx. 12+ meals/w k + \$580 Points	Equivalent to Approx. 14 meals/w k	Equivalent to Approx. 14 meals/w k	Equivalent to 2 to 3 meals per day	Equivalent to 13-15 meals/w k
Weighted Cost of a Double Room and Meals:	\$10,971	\$11,031	\$11,167	\$11,538	\$11,614
Rate of Increase Over 2016-17	Proposed: 6.0%	Proposed NTE ~5%	Approved Ave. 2.6%	Proposed Ave. 6.4%	Per website Ave. 1.8%



**WESTERN WASHINGTON UNIVERSITY
HOUSING & DINING SYSTEM**

DRAFT: For Discussion Only

TEN YEAR HISTORY OF RESIDENCE HALL RATES

ACADEMIC YEAR	ACADEMIC YEAR RATE with 125 BLOCK PLAN*	% OF CHANGE
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%
2016-17	\$10,350	4.00%
2017-18	\$10,971	6.00%
10-Year Average Percentage Change		4.05%

* 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 2017-2018

Room & Board Plans: Academic Year (@ 6% increase)	2016-17 Actual	at 6% incr. 2017-18 Proposed	2017-18 Cost per Month
Double Room with Unlimited meal plan	\$10,755	\$11,400	\$1,267
Double Room with 125-Block meal plan	\$10,350	\$10,971	\$1,219
Double Room with 100-Block meal plan	\$9,952	\$10,350	\$1,150
Double Room w/ 75-Block meal plan	\$9,542	\$10,115	\$1,124
Triple Room with 125-Block meal plan	\$9,007	\$9,547	\$1,061
Single Room with 125-Block meal plan	\$11,453	\$12,140	\$1,349
Birnam Wood Apartment Rents: Academic Year (6% increase)			
Birnam Wood: <u>Monthly</u> rate per person per bed (Two bedrooms with 4 occupants)	\$379	\$402	\$402