

WESTERN WASHINGTON UNIVERSITY
HOUSING & DINING SYSTEM
2018-2019 PROPOSED RATES
Information shared with Residential Student Leadership
April 2, 2018

Introduction

The attached rate increase, budget and supporting documentation represents recommendations for fiscal year 2018-19 for the Housing & Dining System (the System) which consists of University Residences and the facilities & operations components of the Viking Union. 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 continue its comprehensive program of facility renewals and expected new residence construction. 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.

Summary:

The recommended housing rate increase being discussed with residential student advisory groups is 4% - 5%. The pro-forma budget attached incorporates a 4.5% increase. Residential student leadership input is ongoing and, due to an earlier rescheduled Board of Trustees meeting time, will continue upon the students' return in early April. That student feedback will be incorporated into the proposed rate increase that will be presented to the Board at its April 13th meeting, likely in the 4.0% to 4.5% range.

Influences on budget and rate planning:

Inflation: Several large expenditure components of the System's budget, e.g. wages, benefits, food service, and certain recharges are tied to legislative, contractual, or collectively bargained requirements. Details are noted in the revenue and expenditure narrative.

Program: Funds have been added to implement enhancements to the residential program including enhancements to facility door access and security and the Real Food Challenge commitments.

The Capital Plan, System Renovations, and New Facility Planning: The Housing & Dining Capital Plan 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. A new residence is being considered for a Fall 2021 opening, along with the identification of a significant amount of renovation need. A master planning effort is currently underway to integrate these efforts with the University's strategic and enrollment plans. System

resource planning will ensure that the quantity, condition, and response to program needs are optimized.

Proposed Rate Increase:

The proposed rate increase for residential halls and apartments used for the pro-forma budget is 4.5%.

- A 4.5% increase is consistent with the long range financing plan presented to the Board of Trustees in December 2016 and used for projections in the recent bond financing which projects annual increases for the System in the 4% range over a ten year period.

Impact of the Rate Increase:

- Residence Halls (Room & Board): At a 4.5% increase, a double room w/125 Meal Plan increases \$55/month or \$494 for the academic year.
- Birnam Wood (Room only): With 4 residents per unit, 4.5% increases the rent \$18/month or \$163 for the academic year.

Proposed Revenue & Expenditure Details:

Comments and figures pertaining to 2018-19 are compared to the 2017-18 proposed budget and rates presented at the April 2017 Board of Trustees meeting.

Revenue Highlights and Assumptions

- Overall, the System's budgeted operating revenue increase is \$3,990,275 or 8.7% over FY2017's proposed budgeted revenue.
- Occupancy projections assume Fall 2018 second week residence hall counts being 135 students higher than was initially proposed and presented for Fall 2017 (3,620 vs 3,485). Of this comparative difference, 110 is due to increased first-year September 2017 enrollment announced after the April 2017 Trustees meeting. WWU expects Fall 2018 first year enrollments to be comparable to last Fall but housing estimates are showing 25 additional occupants compared to Fall 2017 due to expected demand. There is no change to expected Birnam Wood occupancy compared to Fall 2017.
- Commissions increase per WWU-Aramark Agreement.
- Viking Union services revenue decreases \$15,000 or 8.4% reflecting the estimated impact on reduced space for rental due to the construction phase of the Multicultural Center.
- Mandatory Student Fee revenue includes the continuation of the Building Fee and the Multicultural Center Fee. The Multicultural Viking Union Center Fee was

implemented Fall 2017, but had not been shown as budgeted revenue yet in April 2017 since the Board approval didn't occur until June 2017.

Operating Expenditures Highlights and Assumptions

- Budgeted Operating Expenditures are projected to increase by \$1,650,867 or 5.3%.
- Wages and Benefits increase \$538,000 or 7.3%. A portion of the comparative increase over FY2018 is due to mandated classification and other wage adjustments made after the April 2017 presentation. FY2019 incorporates minimum wage increases, and a 3% - 4% increase to full time wages per university guidance. No additional FTE positions are planned.
- Dining services rates are under negotiation. The increase shown includes a residential dining rate increase per the WWU-Aramark Agreement, and estimates of to-be-finalized programmatic additions.
- Utilities: Taken together the various utility expenditures are expected to increase approximately \$21,000 (0.7%). Increases in electricity and waste removal are offset by a slight reduction in natural gas expenditures.
- Maintenance and repairs increase \$140,000 or 5% to reflect an estimated recharge rate increase of 5%.
- Rentals and operating leases increase \$206,000 due to the projected addition of temporary leased spaces off-campus. Revenue associated with these leases is included in the room and board revenue projections.

Non-Operating Expenditures Highlights and Assumptions

- Debt service increases \$1,726,000 or 33% due to the addition of the revenue bonds to finance the Multicultural Center and a portion of the Buchanan Towers renovation.
- Allocations for major repairs and planned renovations and capital plan project costs or transfers increase \$212,000 or 9.5%, while transfers into the capital plan for renovations increases \$401,000 or 5.5%. FY2019 expenditures continue an aggressive program of major renovations with over \$16 million of renovations planned. Forthcoming years will see annual expenditures ranging from \$15 - \$25 million, to be funded by combinations of cash and debt.
- Overall, budgeted Non-Operating expenditures and transfers increase \$2,339,000 or 15.9%.

WESTERN WASHINGTON UNIVERSITY - HOUSING AND DINING SYSTEM
PROPOSED OPERATIONS FOR BUDGET YEARS ENDING JUNE 30, 2018 & 2019

DRAFT

	DRAFT BUDGET 2017-18 As presented to BOT 1	DRAFT BUDGET 2018-19 As of 3/20/18	PERCENT CHANGE	DIFFERENCE BUDGET \$
REVENUES				
Room and Board Payments	\$38,785,000	\$41,367,000	6.66% 2	\$2,582,000
Room and Board Fees and Penalties	232,500	230,500	-0.86% 3	(2,000)
Investment Income	59,000	69,000	16.95%	10,000
Bond Interest Subsidy	282,445	276,001	-2.28%	(6,444)
Housing Rentals	130,850	135,850	3.82%	5,000
Conferences	532,099	532,099	0.00%	0
Commissions	2,558,699	2,834,699	10.79% 4	276,000
Viking Union Programs & Services	180,200	165,000	-8.44% 5	(15,200)
S & A Fee Distribution	1,276,182	1,280,000	0.30%	3,818
VU Building Fee & Multicultural Center Fee	1,872,512	3,008,613	60.67% 6	1,136,101
Other	43,150	44,150	2.32%	1,000
Total Revenues	\$45,952,637	\$49,942,912	8.68%	\$3,990,275
OPERATING EXPENDITURES				
Salaries & Benefits	\$7,407,649	\$7,945,404	7.26% 7	\$537,755
Food Service (net of capital contribution)	13,421,619	14,037,964	4.59% 8	\$616,345
Communications	313,230	285,710	-8.79%	(\$27,520)
Electricity	795,835	817,335	2.70%	\$21,500
Heat	1,093,106	1,078,630	-1.32%	(\$14,476)
Water/Sewer	604,499	606,599	0.35%	\$2,100
Refuse Disposal/Recycling	338,651	350,791	3.58%	\$12,140
Television Cable	126,725	126,725	0.00%	\$0
Maintenance & Repairs	2,807,470	2,947,090	4.97% 9	\$139,620
Operating Supplies	320,730	333,530	3.99%	\$12,800
Equipment	403,920	418,138	3.52%	\$14,218
Insurance	494,102	498,002	0.79%	\$3,900
Rentals and Operating Leases	34,272	240,375	601.37%	\$206,103
Administrative Services Assessment (ASA)	1,695,879	1,771,137	4.44% 10	\$75,258
Student Services Support and other Recharges	408,100	433,100	6.13% 11	\$25,000
Other Expenditures	961,919	988,043	2.72% 12	\$26,124
Total Operating Expenditures	\$31,227,706	\$32,878,573	5.29%	\$1,650,867
NON-OPERATING EXPENDITURES/TRANSFERS				
Bond Debt Service	\$5,206,943	\$6,933,655	33.16% 13	\$1,726,712
R&R/ Minor Cap./Public Works Projects	2,240,000	2,452,000	9.46% 14	212,000
Other Transfers	0	0	0.00%	0
Capital plan projects: Expensed or transferred	7,277,988	7,678,684	5.51% 15	400,696
Total Non-Operating Expenditures	\$14,724,931	\$17,064,339	15.89%	\$2,339,408
Total Expenditures	\$45,952,637	\$49,942,912	8.68%	\$3,990,275
EXCESS (DEFICIT) OF REV OVER EXP	\$ 0	\$ 0	0.00%	\$ 0

FOOTNOTES TO THE ATTACHED 2018-19 HOUSING & DINING SYSTEM PROPOSED BUDGET

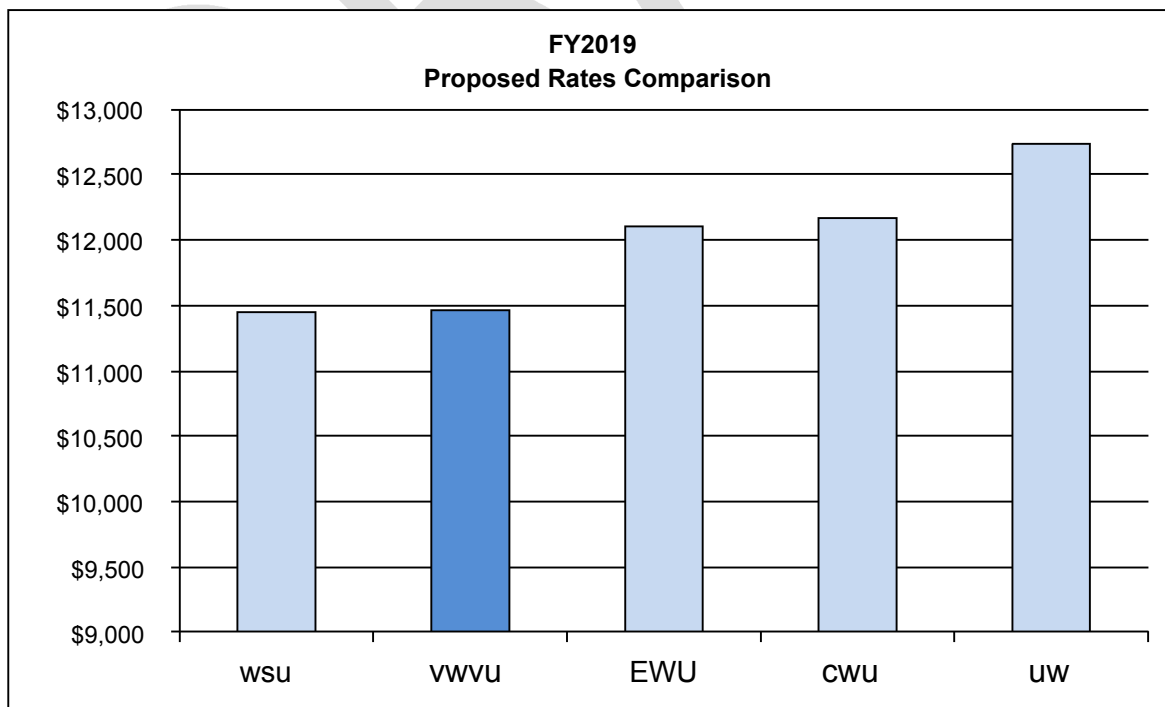
- (1) The 2017-18 Budget, as approved by the WWU Board of Trustees April 2017, is shown to compare with the 2018-19 proposed budget. After Fall 2017 opening, adjustments were made based on an analysis of opening residence hall and apartment occupancy. Those October 2017 revisions are not shown here.
- (2) Room & Board rate increase is proposed here at 4.5%. Percent change shown varies due to the FY2018 figure being prior to Spring 2017 enrollment adjustment and Fall 2017 opening. Fall 2018 opening ResHall count shown increases 25 over the Fall 2017 adjusted budgeted count. Leased bed income is included in FY2019.
- (3) No increase in underlying fee/penalties rates. Line item increase due to adjusting expected actuals.
- (4) Food service commissions adjusted to reflect expected actuals.
- (5) Viking Union revenue reduced to reflect anticipated decline in space rentals due to the Multicultural Center construction.
- (6) Two student fees are reported here: Projections for FY2019 include the continuation of the Viking Union Building Fee and the Multicultural Center fee. The Multicultural Center fee was implemented Fall 2017 but had not been shown as budgeted revenue yet in April 2017 since the Board approval did not occur until June 2017, thus the 60.7% increase shown when comparing budgdt to budget from April each year.
- (7) FY2019 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. Assumes existing vacancies are filled.
- (8) The Food Service expense category includes residential dining, catering, conference dining and departmental food costs. Negotiations with the University's Dining Contractor are in process, so this budget conservatively shows a maximum amount for potential board plan price increase and some enhancements to the board dining program.
- (9) Increase reflects additional investment in facilities per estimated actuals. Recharge rate increase estimated at
- (10) The FY2019 recharge rate for the Administrative Services Assessment (ASA) is 5.775% of adjusted revenue. FY2018 rate was the same.
- (11) Increase shown for possible service level increases.
- (12) 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.
- (13) Increase to FY2019 debt service due to the addition of the 2018-B revenue bonds which fund the Multicultural Center construction and a portion of the Buchanan Towers renovation
- (14) Increased allocation reflects needs identified in the planned major renovation schedule.
- (15) The "Transfer for Capital Plan Support" is an allocation representing operating, non-operating. Building Fee, and Multicultural Center fee funds to be placed into the System's renewal & replacement reserve fund for additions to and significant renovations of University Residences and Viking Union facilities.

**WASHINGTON PUBLIC UNIVERSITIES
RESIDENCE HALL ROOM & BOARD PLAN COSTS
FY2019 (as of 4/2/18)**

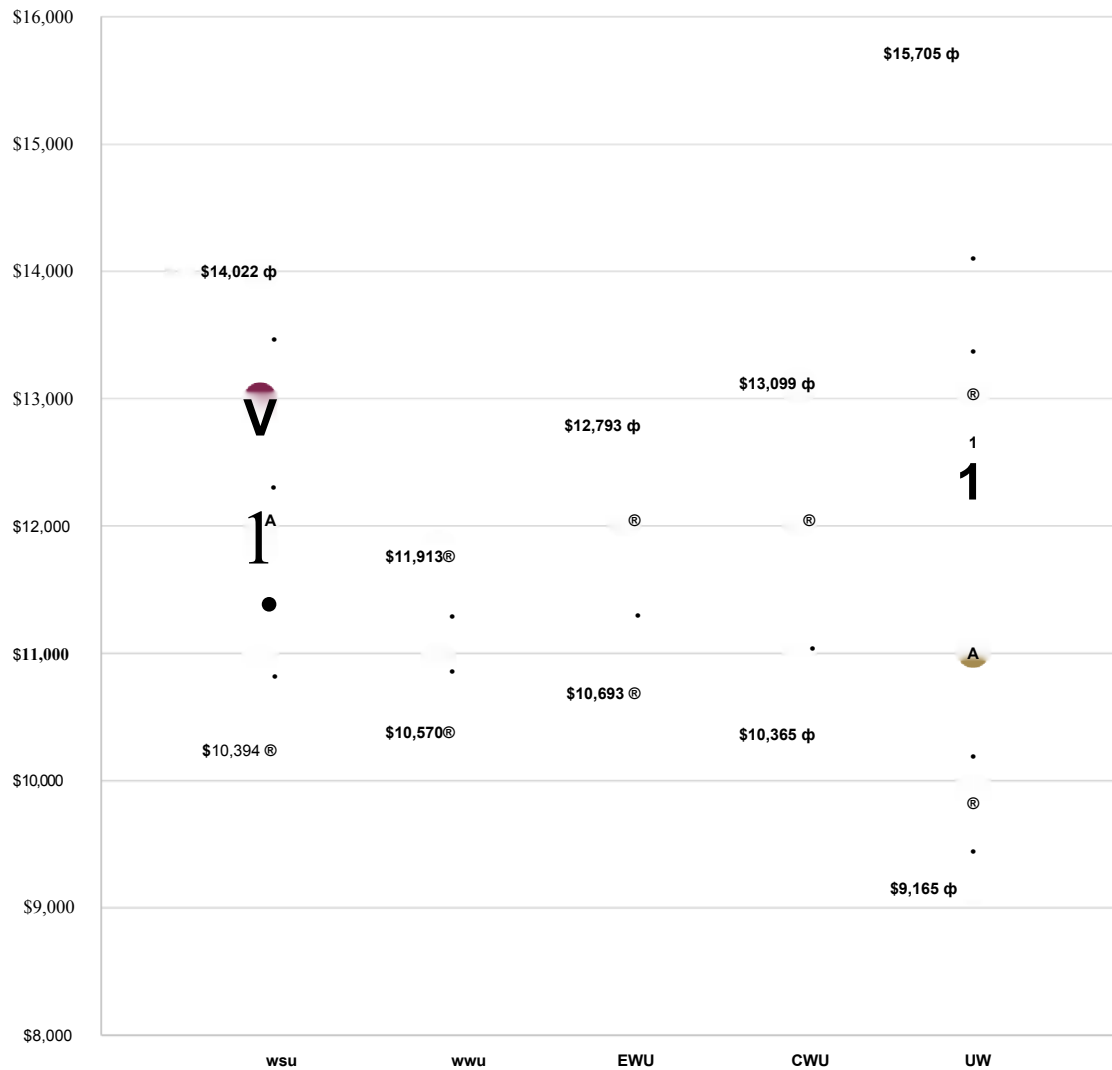
Weighted Ave. Double Room Cost with Best-as-Possible Meal Plan Comparison:

	WSU	VWU	EWU	CWU	UW
	Level 2	125 Block	Gold	"Large"	"Level 4"
Residence Hall Room Pricing Model	New /Renovated rooms priced	At the same price as other rooms	New /Renovated rooms priced higher	New /Renovated rooms priced higher	New /Renovated rooms priced higher
Live on Requirement?	First year students	First year students	First year students	First year students	None
Type of Meal Plan	Declining Balance	Meals & Points	Meals & Points	Declining Balance	Declining Balance
Elements of the Meal Plan	Equivalent to Approx. 14 meals/wk	Approx. 10 meals/wk	Equivalent to 2 to 3 meals per day	Equivalent to Approx. 14 meals/wk	Equivalent to 13-15 meals/wk
Weighted Average Cost of Double Room & Board Plan	\$11,454	\$11,465	\$121,103	\$12,162	\$12,741
Rate of Increase Over 2017-18	Per website Ave. 2.0%	Proposed 4.5%	Per website Ave. 4.95%	Proposed NTE -5%	Per website Ave. 4.37%

Some campuses have added housing stock, which will alter the comparison of these figures with those presented here



2018-19 Campus Rates for a Double Room and Range of Meal Plans



By: Kurt Willis and Deborah Frost, April 2018
Source: Campus websites for 2018-19 rates

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
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%
2018-19	\$11,465	4.50%
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 2018-2019

Room & Board Plans: Academic Year (@ 4.5% increase)	2017-18	at 4.15% increase 2018-19	Cost per
	Actual	2018-19	Month
Double Room with Unlimited meal plan	\$11,400	\$11,943	\$1,324
Double Room with 125 meal plan	\$10,971	\$11,465	\$1,274
Double Room with 100 meal plan	\$10,549	\$11,024	\$1,225
Double Room w/75 meal plan	\$10,115	\$10,570	\$1,174
Triple Room with 125 meal plan	\$12,816	\$13,393	\$1,488
Single Room with 125 meal plan	\$11,453	\$11,988	\$1,330
Birnam Wood Apartment Rents : Academic Year (4.5 % increase)			
Birnam Wood: Monthly rate per person per bed (Two bedrooms with 4 occupants)	\$402	\$420	\$420