

**WESTERN WASHINGTON UNIVERSITY
HOUSING & DINING SYSTEM
2019-2020 PROPOSED RATES
Information shared with Residential Student Leadership
March 6, 2019**

Introduction

WWU's Housing & Dining System is entering an exciting new era as current and ongoing planning and development will shape the system's facilities and services in new and invigorating ways. At this writing consultants are engaging with WWU stakeholders to envision that System that will creatively and effectively serve tomorrow's students via its programs, facilities, and services. The attached rate increase, budget and supporting documentation represents recommendations for fiscal year 2019-20 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 helps position the System for this forthcoming plan. 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 5%. Residential student leadership input is ongoing and will be incorporated into the proposed rate increase that will be presented to the Board at its April 12th meeting.

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 that follows.

Program: Funds have been added to establish a multicultural peer advisor program, to continue support for the Real Food Challenge commitments, and to explore changes to the student security patrols.

The Capital Plan, System Renovations, and New Facility Planning: The Housing & Dining System Capital Plan, which addresses the long term financial strength of the System, is under redevelopment to reframe the current and ongoing facility renovation, deferred maintenance, and program needs of the System's facilities and services. The long-range planning effort will also align this development with the University's strategic and enrollment plans. System resource planning will ensure that the quantity, condition, and response to program needs are optimized. In concert with this planning, a new 400-person residence hall is under development for a Fall 2021 opening.

Proposed Rate Increase:

The proposed rate increase for residential halls and apartments used for the pro-forma budget is 5.0%.

- 5.0% increase importantly continues to position the System for forthcoming capital development and financing based on the long-range planning guidance expected this upcoming summer.

Impact of the Rate Increase:

- Residence Halls (Room & Board): At a 5.0% increase, a double room w/125 Meal Plan increases \$64/month or \$573 for the academic year.
- Birnam Wood (Room only): With 4 residents per unit, 5.0% increases the rent \$21/month or \$189 for the academic year.

Proposed Revenue & Expenditure Details:

Comments and figures pertaining to 2019-20 are compared to the 2018-19 proposed budget and rates presented at the April 2018 Board of Trustees meeting.

Revenue Highlights and Assumptions

- Overall, the System's budgeted operating revenue increase is \$1,362,282 or 2.7% over FY2019's proposed budgeted revenue.
- Occupancy projections assume Highland Hall will close due to the possibility of siting the new residence hall there, resulting in a reduction of 136 beds. Early projections indicate a slight reduction in Fall 2019 WWU freshman admits; thus, openings for returning residents will be increased compared to last spring. The 30 off campus leased spaces will continue.
- Commissions increase per the WWU-Aramark Agreement.
- Viking Union services revenue shows slight increase. The noted comparative increase is due to the incorporation of the Recycling Center revenues which were not shown in last year's presentation. The Multicultural Center renovation is expected to conclude summer 2019, resulting in only modest impact on the Union's programs and resulting revenues.
- Mandatory Student Fee revenue continues to include the Viking Union Building Fee (Non-Academic Building Fee) and the Multicultural Center Fee. The Viking Union building fee increases \$2 over FY2019.

Operating Expenditures Highlights and Assumptions

- Budgeted Operating Expenditures are projected to increase by \$1,736,363 or 5.3%.
- Wages and Benefits increase \$998,000 or 12.6%. A portion of the comparative difference shown here, due to timing of these presentations, were put into place in FY2019 but are reflected here in the FY2020 budget. Full time staff wages are increased per WWU guidance and bargaining unit agreements. The state's 12.5% minimum wage increase is a significant impact. The State Labor & Industries proposal of increasing the exempt employee overtime threshold has an impact and is incorporated here. One FTE position is added in Housing facilities operations. FY2020 introduces the creation of the student intercultural advisor program.
- 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 decrease \$70,000 or -2%. FY2020 increases are offset by savings from taking Highland Hall offline.
- Maintenance and repairs increase \$459,000 or 15% to reflect increased operating maintenance - as some long-range work is slowed pending forthcoming planning effort results. Estimated recharge rate increase is not finalized, but is shown here at 5.5%.
- Other Recharges increases \$130,000 due to two proposals from WWU departments currently under discussion: 1) University Police student patrol cost increase and proposed service expansion; and 2) Proposed residential IT infrastructure support from WWU Enterprise Infrastructure Services.

Non-Operating Expenditures Highlights and Assumptions

- Debt service expense is similar to FY2019 per annual debt service schedule. Debt service payments for the proposed new residence hall construction and some facility renovations, funded by bonds issued in FY2020, is expected to begin in FY2021.
- Allocations for major repairs and planned renovations and capital plan project costs or transfers decrease \$332,000 or 14% while transfers into the capital plan for renovations increases are comparable to FY2019.
- Overall, budgeted Non-Operating expenditures and transfers decrease \$374,036 or -2.2%.

**WESTERN WASHINGTON UNIVERSITY - HOUSING AND DINING SYSTEM
PROPOSED OPERATIONS FOR BUDGET YEARS ENDING JUNE 30, 2019 & 2020**

DRAFT

	DRAFT BUDGET 2018-19 As presented to BOT	DRAFT BUDGET 2019-20 As of 3/5/19	PERCENT CHANGE	DIFFERENCE BUDGET \$
REVENUES				
Room and Board Payments	\$41,367,000	\$42,190,045	1.99% 2	\$823,045
Room and Board Fees and Penalties	230,500	220,500	-4.34% 3	(10,000)
Investment Income	69,000	86,000	24.64%	17,000
Bond Interest Subsidy	276,001	0	-100.00%	(276,001)
Housing Rentals	135,850	142,850	5.15%	7,000
Conferences	532,099	532,099	0.00%	0
Commissions	2,834,699	3,115,699	9.91% 4	281,000
Viking Union Programs & Services	165,000	413,112	150.37% 5	248,112
S & A Fee Distribution	1,280,000	1,310,477	2.38%	30,477
VU Building Fee & Multicultural Center Fee	3,008,613	3,250,307	8.03% 6	241,694
Other	44,150	44,150	0.00%	0
Total Revenues	\$49,942,912	\$51,305,239	2.73%	\$1,362,327
OPERATING EXPENDITURES				
Salaries & Benefits	\$7,945,404	\$8,879,500	11.76% 7	\$934,096
Food Service (net of capital contribution)	14,037,964	14,374,015	2.39% 8	\$336,051
Communications	285,710	235,290	-17.65%	(\$50,420)
Electricity	817,335	830,931	1.66%	\$13,596
Heat	1,078,630	1,006,624	-6.68%	(\$72,006)
Water/Sewer	606,599	587,985	-3.07%	(\$18,614)
Refuse Disposal/Recycling	350,791	350,291	-0.14%	(\$500)
Television Cable	126,725	134,225	5.92%	\$7,500
Maintenance & Repairs	2,947,090	3,406,492	15.59% 9	\$459,402
Operating Supplies	333,530	348,362	4.45%	\$14,832
Equipment	418,138	395,794	-5.34%	(\$22,344)
Insurance	498,002	513,706	3.15%	\$15,704
Rentals and Operating Leases	240,375	247,138	2.81%	\$6,763
Administrative Services Assessment (ASA)	1,771,137	1,771,849	0.04% 10	\$712
Student Services Support and other Recharges	433,100	562,689	29.92% 11	\$129,589
Other Expenditures	988,043	970,045	-1.82% 12	(\$17,998)
Total Operating Expenditures	\$32,878,573	\$34,614,936	5.28%	\$1,736,363
NON-OPERATING EXPENDITURES/TRANSFERS				
Bond Debt Service	\$6,933,655	\$6,898,031	-0.51% 13	(\$35,624)
R&R/ Minor Cap./Public Works Projects	2,452,000	2,120,000	-13.54% 14	(332,000)
Other Transfers	0	0	0.00%	0
Capital plan projects: Expensed or transferred	7,678,684	7,672,272	-0.08% 15	(6,412)
Total Non-Operating Expenditures	\$17,064,339	\$16,690,303	-2.19%	(\$374,036)
Total Expenditures	\$49,942,912	\$51,305,239	2.73%	\$1,362,327
EXCESS (DEFICIT) OF REV OVER EXP	\$ 0	\$ (0)	0.00%	\$ (0)

SEE NEXT PAGE FOR FOOTNOTE EXPLANATIONS

FOOTNOTES TO THE ATTACHED 2019-20 HOUSING & DINING SYSTEM PROPOSED BUDGET

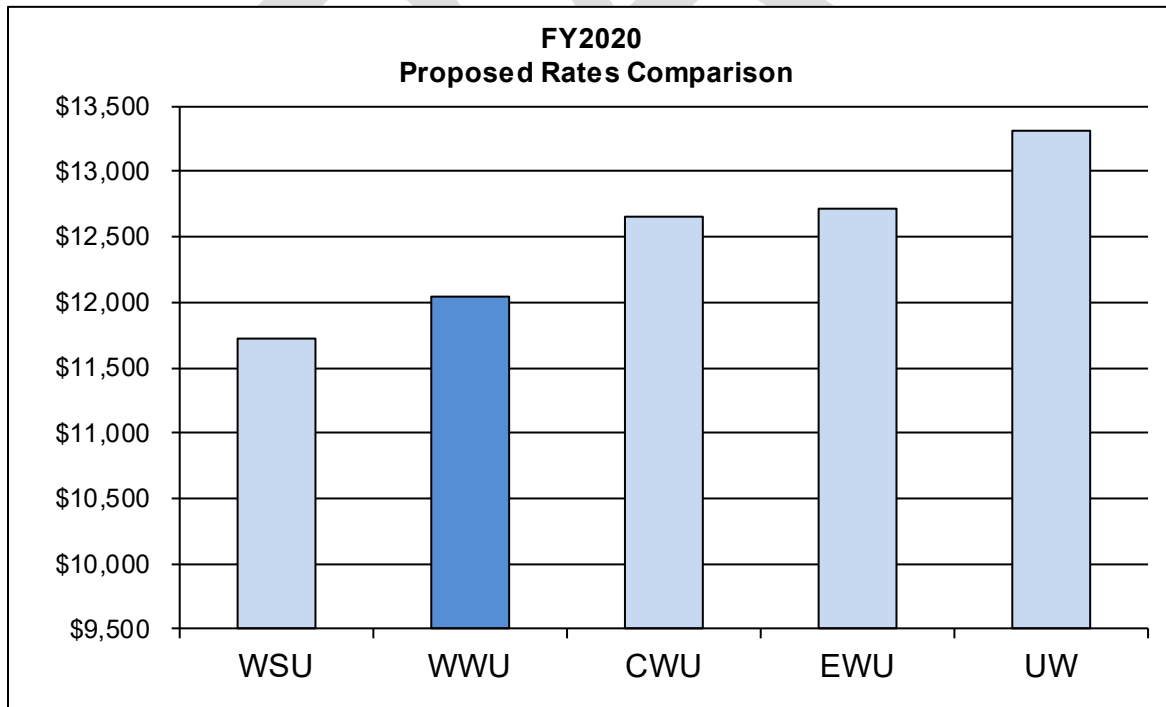
- (1) The 2018-19 Budget, as approved by the WWU Board of Trustees April 2018, is shown to compare with the 2019-20 proposed budget. After Fall 2018 opening, adjustments were made based on an analysis of opening residence hall and apartment occupancy. Those October 2018 revisions are not shown here.
- (2) Room & Board rate increase is proposed here at 5.0%. Percent change shown varies primarily due to the removal of Highland Hall (136 beds) due to possible siting of the new residence project. Other slight adjustments were made to attrition estimates. Leased bed income is included in both years.
- (3) No increase in underlying fee/penalty rates. Line item increase due to adjusting expected actuals.
- (4) Food service commissions adjusted to reflect expected actuals.
- (5) Viking Union revenue increase due primarily to FY20 showing the Recycle Center revenue which was not shown in FY19. VU facility rental and related revenue increases 7%.
- (6) Two student fees are reported here: 1) the Viking Union Building Fee is drafted at a \$2 increase. The Multicultural Center fee is the same as FY2019.
- (7) FY2020 FTE wage increase incorporates cost of living increases at the WWU-recommended level and per bargaining unit agreements. 12.5% Minimum wage increase per state mandate. Assumes existing vacancies are filled. Adds one new position in URES Facilities. FLSA-related and possible State (L&I) changes to exempt overtime incorporated.
- (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. Recharge rate increase estimated at 5.5%.
- (10) The FY2020 recharge rate for the Administrative Services Assessment (ASA) is 5.775% of adjusted revenue. FY2019 rate was the same. Amount reduced due to possible Highland closing.
- (11) Increase shown due to: 1) Proposed University Police student patrol cost increase and service expansion; 2) Proposed IT support (WWU EIS dep't). Both are under review.
- (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) Debt service includes all bonds through 2018B (BT renovation and Multicultural Center addition).
- (14) Decreased allocation offset by FY20 shift to operating maintenance needs.
- (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
FY2020 (as of 3/5/19)**

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

	WSU	WWU	CWU	EWU	UW
	Level 2	125 Block	"Large"	Gold	"Level 4"
Residence Hall Room Pricing Model	New/Renovated rooms priced	All rooms priced same	New/Renovated rooms priced higher	New/Renovated rooms priced higher	New/Renovated rooms priced higher
Live on Requirement?	First year students	None	First year students	First year students	None
Type of Meal Plan	Declining Balance	Meals & Points	Declining Balance	Meals & Points	Declining Balance
Elements of the Meal Plan	Equivalent to Approx. 14 meals/w k	Approx. 12+ meals/w k + \$580 Points	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:	\$11,718	\$12,038	\$12,659	\$12,721	\$13,304
Rate of Increase Over 2018-19	Per website Ave. 2.3%	Proposed 5.0%	Proposed NTE ~5%	Per website 1.8% - 4.9%	Per website 4.4%

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



**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
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%
2019-20	\$12,038	5.00%
10-Year Average Percentage Change		4.08%

SAMPLE ROOM & BOARD RATES and APARTMENT RENTS FOR 2019-2020

	2018-19 Actual	at 5% incr. 2019-20 Proposed	2019-20 Cost per Month
Room & Board Plans: Academic Year (@ 5% increase)			
Double Room with Unlimited meal plan	\$11,913	\$12,509	\$1,390
Double Room with 125 meal plan	\$11,465	\$12,038	\$1,338
Double Room with 100 meal plan	\$11,025	\$11,576	\$1,286
Double Room w/ 75 meal plan	\$10,570	\$11,099	\$1,233
Triple Room with 125 meal plan	\$9,977	\$10,476	\$1,164
Single Room with 125 meal plan	\$12,686	\$13,320	\$1,480
Birnam Wood Apartment Rents: Academic Year (5% increase)			
Birnam Wood: <u>Monthly</u> rate per person per bed (Two bedrooms with 4 occupants)	\$420	\$441	\$441