

**ANCILLARY ACTIVITIES OPERATING BUDGETS FOR THE
FISCAL YEAR ENDING JUNE 30, 2019**

A Recommendation

1. **Division and Department:** Student Affairs, Finance and Administration, Oakland Center and University Housing
2. **Introduction:** Proposed budgets for the Oakland Center and University Housing are presented for approval for the fiscal year ending June 30, 2019.

The ancillary activities presented represent operations connected with and in support of the educational mission of Oakland University (University). Each ancillary budget is presented in a similar format, using common terminology and revenue, expense and University Support categories. The “all funds” budget model is used to construct the presentation of these budgets. The all funds model provides a comprehensive picture of the financial activities of each unit. This format depicts operating and capital transactions in the General Fund, Auxiliary Fund, Designated Fund, Expendable Restricted Fund, and Plant Fund. Gifts are included, but the fund balances in permanent endowments are not included as there is no discretion with regard to their use. Distributions from these endowments are income in the Expendable Restricted Funds and are included.

3. **Previous Board Action:** The Board of Trustees (Board) approved the FY2018 ancillary budgets on April 3, 2017.
4. **Budget Implications:** See individual ancillary program descriptions for budget implications.
5. **Educational Implications:** See individual ancillary program descriptions for educational implications.
6. **Personnel Implications:** See individual ancillary program descriptions for personnel implications.
7. **University Reviews/Approvals:** The ancillary activities operating budgets were prepared by the ancillary units, reviewed by the Financial Performance Review Committee, Budget and Financial Planning Office, Vice President for Student Affairs, Vice President for Finance and Administration, and President.
8. **Recommendation:**

RESOLVED, that the Board of Trustees approves the FY2019 budgets for the Oakland Center and University Housing, with expenditures and transfers not to exceed the expense total for each unit as reflected in the attached budgets, except as set forth; and, be it further

RESOLVED, that all expenditures and transfers beyond the approved expense total must have the prior approval of the President or his/her designee and these amounts will be reported on a periodic basis to the Board of Trustees; and, be it further

**Ancillary Activities Operating Budgets for the
Fiscal Year Ending June 30, 2019
Oakland University
Board of Trustees Formal Session
April 9, 2018
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RESOLVED, that the Board of Trustees authorizes the President, the appropriate Vice President, and their respective designees, to perform all acts and deeds and to execute and deliver all contracts, instruments and documents required by this resolution that are necessary, expedient and proper in connection with the FY2019 budgets and the ongoing administration of the FY2019 budgets; and, be it further

RESOLVED, that said contracts, instruments and documents shall be reviewed by and be in a form acceptable to the Vice President for Legal Affairs and General Counsel prior to execution, and be in compliance with the law and with University policies and regulations and conform to the legal standards of the Vice President for Legal Affairs and General Counsel.

9. Attachments:

A. Description of Programs and Proposed Budgets, FY2019

Submitted to the President
on 3/29, 2018 by

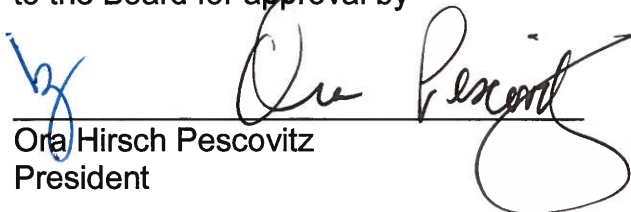


Glenn McIntosh
Vice President for Student Affairs and Chief Diversity Officer



John W. Beaghan
Vice President for Finance and Administration
and Treasurer to the Board of Trustees

Recommended on 4/3, 2018
to the Board for approval by



Ora Hirsch Pescovitz
President

Oakland Center

Description of Program

The Oakland Center serves as a community center for students, faculty, staff and university guests. It offers a wide-range of services and amenities such as: campus-wide food service, university bookstore, credit union, meeting and conference room facilities, departmental and student organization offices. The Oakland Center continues to experience strong and growing student utilization attracting diverse campus programs and external community interest. The current expansion project is continuing to grow the interest in the facility from groups internal and external to Oakland University.

Key Performance Indicators

	<u>FY2016</u>	<u>FY2017</u>	<u>FY2018</u>
Number of meeting room reservations	6,778	8,133	6,665
Number of meeting attendees	300,719	362,937	211,231

1. Projected annual FY2018 foot traffic totals 1,054,000 which marks a dramatic decrease over the previous years. This is based primarily on construction and decreased access to the facility.
2. 165,012 pedestrian entries were recorded during September 2017 a 38% decrease over the previous year.
3. 390 Banquet Room events were held with 67,445 attendees.

FY2018 Explanation of Major Changes

1. A decline in foot traffic, during the Oakland Center renovation, resulted in a slight decrease in bookstore sales.
2. Compensation expenses were reduced due to staff vacancies.
3. Several offices, meeting and restrooms have been closed during the OC expansion resulting in a decrease in custodial supplies and other service expenses.
4. Increase in investment income results from higher fund balances as well as rising interest rates.

FY2019 Budget Assumptions

1. Per the bookstore contract, commissions are calculated on a percent of sales basis. Also included is the annual payment of \$55,000 which represents 1/10th of the \$550,000 Barnes & Noble signing bonus.
2. Conference revenues and related expenses, included in supplies and services, are projected to increase slightly due to meeting rooms going back on-line upon completion of the OC renovation.
3. The FY2019 Chartwells food service commission is guaranteed at \$532,400. Projected food service revenues from camps and reimbursements bring the total to \$632,950.

Oakland Center

FY2019 Budget Assumptions (continued)

4. Annual utility expenses will increase with the opening of the OC expansion.
5. Compensation expenditure increased due to the addition of two full time custodial staff.
6. Total transfer activity, year-four annual food service amortization is \$100,000.

Oakland University
Ancillary Activities Operating Budget
Oakland Center
Proposed Budget - All Funds
FY2019

	FY2018 BUDGET	FY2018 ESTIMATED ACTUAL	FY2019 PROPOSED BUDGET
<u>Revenue:</u>			
Operating Revenue			
Bookstore Commissions	\$ 842,500	\$ 830,000	\$ 815,000
Conferences	150,000	150,000	175,000
Food Service	576,550	576,605	632,950
Other	150,092	150,233	150,092
Retail Sales	-	-	-
OU Purchased Services	127,438	127,438	171,047
Gifts and Grants	-	102	-
Investment Income	3,400	14,200	14,200
Total Revenue	\$ 1,849,980	\$ 1,848,578	\$ 1,958,289
<u>Expenditures:</u>			
Compensation	\$ 1,143,128	\$ 1,016,995	\$ 1,193,312
Supplies and Services	270,000	229,972	315,000
Repairs and Maintenance	231,750	240,100	298,220
Cost of Retail Sales	-	-	-
Equipment	79,100	79,100	90,000
Insurance	21,643	18,336	25,000
Utilities	378,000	351,819	517,235
Debt Service	80,866	80,866	80,866
Overhead charged by OU	294,740	294,740	300,492
Other Transfers	100,000	97,015	100,000
Total Expenditures	\$ 2,599,227	\$ 2,408,943	\$ 2,920,125
Net Income	\$ (749,247)	\$ (560,365)	\$ (961,836)
<u>University Support:</u>			
Student Tuition Allocation	\$ 1,134,159	\$ 1,134,159	\$ 1,134,159
	-	-	-
Total University Support	\$ 1,134,159	\$ 1,134,159	\$ 1,134,159
Net Income with University Support	\$ 384,912	\$ 573,794	\$ 172,323
<u>Ending Balances prior to Major Cap. Expenditures:</u>			
Restricted Fund Balance	\$ -	\$ -	\$ -
Unrestricted Fund Balance	2,396,408	2,585,290	2,757,613
Less: Major Capital Expenditures	-	-	72,000
Total Ending Fund Balance	\$ 2,396,408	\$ 2,585,290	\$ 2,685,613

**Oakland University
Oakland Center
Proposed Major Capital Expenditures
FY2019**

Item Description	Estimated Cost
AV upgrade to the Gold Rooms	\$ 72,000
FY2019 Total	<u>\$ 72,000</u>

Department of University Housing

Description of Program

The Department of University Housing has administrative oversight for on-campus housing operations including budget, facility operations, maintenance, programming, support services and personnel.

Key Performance Indicators

	<u>FY2016</u>	<u>FY2017</u>	<u>FY2018</u>
Opening Occupancy	2,711	2,738	2,619
Renovation and Refurbishing Projects	\$9,839,370	\$4,935,619	\$5,882,630
Chartwells Board Rate Increase	3%	3%	3%

FY2018 Explanation of Major Changes

1. Decrease in room & board operating revenue from the Board approved FY2018 budget is due to a lower than budgeted occupancy.
2. Increase in other Operating Revenue is due to a higher progressive commission and higher room cancellation revenue.
3. Decrease in compensation is due to vacancies in all classifications of labor.
4. Decrease in food services is due to lower than budgeted occupancy.
5. Decrease in repairs and maintenance is due to efficiencies resulting from major capital improvements in Vandenberg Hall as well as deferred paint, carpet and room refurbishments until FY2019.
6. Decrease in equipment is due to postponing purchase to coincide with the opening of Hillcrest Hall FY2019.
7. Increase in debt service resulted from a Finance and Administration recommendation to amortize the Ann V. Nicholson debt payments consistently through the expiration of the debt.
8. FY2018 Bear bus support was received in FY2017 and it is reflected in Housing's fund balance.

Department of University Housing

FY2019 Budget Assumptions

1. The **Standard Residence Hall** budget reflects a 3.3 percent double room rate increase in room and board. The proposed room rates position Oakland University Housing at the middle tier among other Michigan Universities. The recommended rates are as follows:

Year	FY2017	FY2018	FY2019
Academic Year Rate (double room)	\$9,620	\$9,910	\$10,225
Academic Year Rate (single room)	\$10,464	\$10,775	\$11,130
Summer Semester – Base Rate (double room)	\$3,022	\$3,115	\$3,220
Summer Semester – Base Rate (single room)	\$3,265	\$3,365	\$3,475
Percentage Increase (Acad. Yr – double)	4%	3%	3.3%

2. The **Oak View Hall** budget reflects a 3.3 percent room rate increase in room and board. The recommended rates are as follows:

Year	FY2017	FY2018	FY2019
Academic Year Rate (freshmen)	\$10,120	\$10,425	\$10,755
Academic Year Rate (upper class)	\$10,620	\$10,940	\$11,290
Summer Semester Rate (freshmen)	\$3,543	\$3,650	\$3,770
Summer Semester Rate (upper class)	\$3,706	\$3,820	\$3,945
Percentage Increase (freshmen & upper class)	4.07 & 5.27%	3%	3.3%

Department of University Housing

FY2019 Budget Assumptions (continued)

3. The **Ann V. Nicholson Apartments** budget reflects a 3.3 percent rate increase. The recommended rates are as follows:

Year	FY2017	FY2018	FY2019
Academic Year Rate (3 and 4 Bedrooms)	\$8,010	\$8,250	\$8,520
Academic Year Rate (2 Bedrooms)	\$8,420	\$8,675	\$8,960
Summer Semester Rate (3 and 4 Bedrooms)	\$3,798	\$3,910	\$4,040
Summer Semester Rate (2 Bedrooms)	\$4,223	\$4,350	\$4,490
Percentage Increase (3&4 BR & 2 BR)	4.08% & 4.13%	3%	3.3%

4. The **George T. Matthews Apartments** budget reflects a 3.3 percent rate increase. The recommended rate is as follows:

Year	FY2017	FY2018	FY2019
Academic Year Rate	\$8,270	\$8,520	\$8,800
Summer Semester Rate	\$4,188	\$4,315	\$4,455
Percentage Increase	3.27%	3%	3.3%

5. The **Hillcrest Hall** budget reflects a room rate equal to that of Oak View Hall in room and board. The recommended rates are as follows:

Year	FY2017	FY2018	FY2019
Academic Year Rate	-	-	\$11,290
Summer Semester Rate	-	-	\$3,945

Department of University Housing

FY2019 Budget Assumptions (continued)

1. Increase in room and board is due to the addition of Hillcrest revenue.
2. Decrease in other Operating Revenue is due to rent being moved to the OU purchased services line.
3. Increase in OU purchased services is due to the addition of rent being moved from other Operating Revenue.
4. Increase in compensation is due to the addition of student, administrative professional and unionized staff positions to operate Hillcrest Hall.
5. Increase in food services is due to a 3% increase in Chartwells board rates and the addition of the number of meal plans due to Hillcrest Hall.
6. Increase in repairs and maintenance is due to additional planned maintenance projects including deferred paint, carpet and room refurbishments from FY2018.
7. Increase in utilities is due to the addition of Hillcrest Hall.
8. Increase in debt service is due to the construction bond for Hillcrest Hall.
9. Increase in other transfers is due to onetime operating equipment expenses dedicated to Hillcrest Hall involving cleaning, mechanical, technology and Chartwells.
10. Scholarship Support is a new item entered into the budget to support University recruitment and enrollment efforts.
11. Major capital expenditures reflect \$3,021,856 for funding major renovations to Ann V. Nicholson Apartments, a new security key lock system wide and upgrades to the Fire Panels in Hill, Van Wagoner and Hamlin Halls.

Oakland University
Ancillary Activities Operating Budget
University Housing
Proposed Budget - All Funds
FY2019

	FY2018 BUDGET	FY2018 ESTIMATED ACTUAL	FY2019 PROPOSED BUDGET
<u>Revenue:</u>			
Operating Revenue			
Room & Board	\$ 23,530,665	\$ 22,378,633	\$ 31,569,946
Conferences	200,000	199,995	200,000
Other	439,953	545,660	416,200
Retail Sales	-	-	-
OU Purchased Services	38,353	38,353	135,072
Gifts and Grants	-	-	-
Investment Income	7,000	71,012	65,000
Total Revenue	<u>\$ 24,215,971</u>	<u>\$ 23,233,653</u>	<u>\$ 32,386,218</u>
<u>Expenditures:</u>			
Compensation	\$ 4,836,948	\$ 4,002,126	\$ 6,332,427
Supplies and Services	918,027	800,347	784,000
Student Programming & Retention	531,150	406,810	654,274
Food Services	4,930,586	4,561,999	6,455,935
Travel	30,000	25,900	38,000
Repairs and Maintenance	1,750,500	1,448,471	2,004,792
Cost of Retail Sales	-	-	-
Equipment	171,200	47,266	90,000
Insurance	128,612	104,186	137,988
Utilities	1,660,000	1,559,600	1,960,000
Debt Service	3,354,378	3,689,112	8,359,955
Overhead charged by OU	529,260	459,906	513,902
Other Transfers	54,833	57,053	447,500
Total Expenditures	<u>\$ 18,895,494</u>	<u>\$ 17,162,775</u>	<u>\$ 27,778,772</u>
Net Income	<u>\$ 5,320,477</u>	<u>\$ 6,070,877</u>	<u>\$ 4,607,446</u>
<u>University Support:</u>			
Bear Bus operations	\$ 159,000	\$ -	\$ 159,000
Scholarship Support	-	-	(1,000,000)
Total University Support	<u>\$ 159,000</u>	<u>\$ -</u>	<u>\$ (841,000)</u>
Net Income with University Support	<u>\$ 5,479,477</u>	<u>\$ 6,070,877</u>	<u>\$ 3,766,446</u>
<u>Ending Balances prior to Major Cap. Expenditures:</u>			
Restricted Fund Balance	\$ -	\$ -	\$ -
Unrestricted Fund Balance	11,140,188	11,731,588	9,615,404
Less: Major Capital Expenditures	5,939,950	5,882,630	3,021,856
Total Ending Fund Balance	<u>\$ 5,200,238</u>	<u>\$ 5,848,958</u>	<u>\$ 6,593,548</u>

**Oakland University
University Housing
Proposed Major Capital Expenditures
FY2019**

Item Description	Estimated Cost
Ann V. Nicholson Siding Installation	\$ 1,200,000
Ann V. Nicholson Exterior Caulking and Waterproofing	100,000
Ann V. Nicholson Building 1000 Renovation	340,000
Ann V. Nicholson Outdoor Sealant on Brick Ledges	70,000
Residential Rekeying Systemwide	550,000
Security Key Cabinets for New Key System	400,000
Ann V. Nicholson Stair Tread Replacement	175,000
Fire Alarm Panel Upgrades for Hill, VanWagoner and Hamlin Halls	186,856
FY2019 Total	<u>\$ 3,021,856</u>