

**OAKLAND CENTER OPERATING BUDGET FOR THE
FISCAL YEAR ENDING JUNE 30, 2020**

A Recommendation

1. **Division and Department:** Student Affairs and Oakland Center.
2. **Introduction:** The proposed budget for the Oakland Center is presented for approval for the fiscal year ending June 30, 2020.

The ancillary activity presented represents an operation 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 proposed budget. 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 endowments are included.

3. **Previous Board Action:** On April 9, 2018, the Board of Trustees (Board) approved the FY2019 Oakland Center budget.
4. **Budget Implications:** See the program description for budget implications.
5. **Educational Implications:** See the program description for educational implications.
6. **Personnel Implications:** See the program description for personnel implications.
7. **University Reviews/Approvals:** The Oakland Center budget was prepared by the Director of the Oakland Center, 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 FY2020 budget for the Oakland Center, with expenditures and transfers not to exceed the expense total as reflected in the attached budget, except as set forth; and, be it further

**Oakland Center Operating Budget For The
Fiscal Year Ending June 30, 2020
Oakland University
Board of Trustees Formal Session
June 10, 2019
Page 2**

RESOLVED, that any expenditure 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.

9. Attachments:

- A. Description of Oakland Center Budget Notes & Assumptions
- B. Oakland Center Proposed Budget – FY2020
- C. Proposed Major Capital Expenditures

Submitted to the President
on 6/3, 2019 by

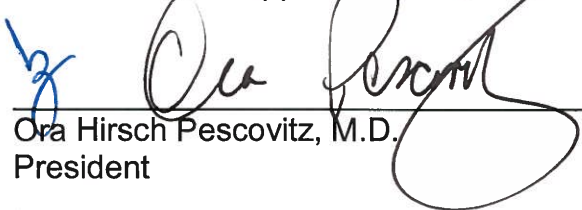


Glenn McIntosh
Vice President for Student Affairs and Chief Diversity Officer



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

Recommended on 6/4, 2019
to the Board for approval by



Ora Hirsch Pescovitz, M.D.
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.

Key Performance Indicators

	<u>FY2017</u>	<u>FY2018</u>	Projected <u>FY2019</u>
Meeting/Event Room Reservations	5,667	6,134	6,381
Overall Foot Traffic	1,727K	998K	1,543K

- Annual FY2019 foot traffic is projected to total 1,543,000, which marks a dramatic increase from FY2018, but not yet a return to FY2017 numbers. The increase from FY2018 is due to the building opening in the late Fall of 2018.
- With the expansion of the Oakland Center there were two large event spaces added to the existing Banquet Rooms (Founders Ballroom and Habitat). Below is a comparison of large event spaces, showing an increase of events in those locations of over 100%.

	<u>FY2017</u>	<u>FY2018</u>	Projected <u>FY2019</u>
Banquet Room Reservations	409	429	383
Founders Ballroom Reservations	0	0	373
Habitat Reservations	<u>0</u>	<u>0</u>	<u>106</u>
Total	409	429	862

Major Accomplishments

- The Oakland Center officially welcomed the campus and external community on October 26, 2018 with a ceremonial ribbon cutting. This event showcased the entire facility, and highlighted our two newest large event spaces, the Habitat (ribbon cutting) and the Founders Ballroom (post ribbon cutting reception).

- On November 17, 2018 the Oakland Center was home to the official OU Capital Campaign kickoff Gala, with receptions in the Gold Rooms and Banquet Rooms, and dinner and speaker Malcolm Gladwell in the Founders Ballroom.
- In late Winter 2019 the new loading dock to the Oakland Center was completed, marking the completion of the renovation and expansion project.
- In April, 2019, Oakland University was notified that the Construction Association of Michigan (CAM) has selected the Oakland Center as one of the top construction projects in the state of Michigan for the past year. The building will be highlighted in the upcoming CAM Magazine Special Issue.

FY2019 Explanation of Major Changes

- Textbook sales are on the decline resulting in lower bookstore commissions.
- Conference revenues increased an estimated \$60,000 over FY2019 budget.
- Compensation expenses were reduced due to staff vacancies.
- Supplies and services as well as repair and maintenance expense have increased as a result of the additional square footage now being occupied and some one-time expenses.
- Increase within investment income results from higher fund balances as well as rising interest rates.

FY2020 Budget Assumptions

- Bookstore contract commissions are expected to decrease due to a projected nine percent (9%) decline in sales. Commissions are calculated on a percentage of gross sales.
- Conference revenues are projected to increase by \$65,000.
- The FY2020 Chartwell's food service commission is guaranteed at \$585,640 with an additional 1% of gross sales, estimated to be \$100,000, which will be used for food service equipment repair across campus. Related expenses are included in repairs and maintenance.
- Total transfer activity, year-five annual food service amortization is \$100,000.

Oakland University
Ancillary Activities Operating Budget
Oakland Center
Proposed Budget - All Funds
FY2020

	FY2019 BUDGET	FY2019 ESTIMATED ACTUAL	FY2020 PROPOSED BUDGET
<u>Revenue:</u>			
Bookstore Commissions	\$ 815,000	\$ 758,847	\$ 680,000
Conferences/Camps	175,000	235,547	300,500
Food Service	632,950	632,400	685,640
Other	150,092	135,092	135,092
OU Purchased Services	171,047	138,470	217,913
Gifts and Grants	-	190	-
Investment Income	14,200	41,162	42,000
Total Revenue	<u>\$ 1,958,289</u>	<u>\$ 1,941,708</u>	<u>\$ 2,061,145</u>
<u>Expenditures:</u>			
Compensation	\$ 1,193,312	\$ 985,000	\$ 1,220,797
Supplies and Services	315,000	452,643	387,000
Repairs and Maintenance	298,220	365,014	375,950
Equipment	90,000	115,000	110,000
Insurance	25,000	28,591	31,451
Utilities	517,235	488,880	537,764
Debt Service	80,866	80,866	80,866
Overhead charged by OU	300,492	282,916	305,540
Other Transfers	100,000	102,584	100,000
Total Expenditures	<u>\$ 2,920,125</u>	<u>\$ 2,901,494</u>	<u>\$ 3,149,368</u>
Net Income	<u>\$ (961,836)</u>	<u>\$ (959,786)</u>	<u>\$ (1,088,223)</u>
<u>University Support:</u>			
Student Tuition Allocation	\$ 1,134,159	\$ 1,134,159	\$ 1,134,159
Total University Support	<u>\$ 1,134,159</u>	<u>\$ 1,134,159</u>	<u>\$ 1,134,159</u>
Net Income with University Support	<u>\$ 172,323</u>	<u>\$ 174,373</u>	<u>\$ 45,936</u>
<u>Ending Balances prior to Major Cap. Expenditures:</u>			
Restricted Fund Balance *	\$ -	\$ -	\$ -
Unrestricted Fund Balance	2,886,622	2,888,768	2,934,704
Less: Major Capital Expenditures	72,000	-	164,500
Total Ending Fund Balance	<u>\$ 2,814,622</u>	<u>\$ 2,888,768</u>	<u>\$ 2,770,204</u>
Restriction 1	\$ -	-	-
Restriction 2	-	-	-
Restriction 3	-	-	-
Restricted Fund Balance *	<u>\$ -</u>	<u>-</u>	<u>-</u>

**Oakland University
Oakland Center
Proposed Major Capital Expenditures
FY2020**

Item Description	Estimated Cost
Gold Room upgrades to include painting, lighting, partition wall, carpet, sound and telecommunication improvements	\$ 164,500
FY2020 Total	<u>\$ 164,500</u>