

**OAKLAND CENTER OPERATING BUDGET FOR THE  
FISCAL YEAR ENDING JUNE 30, 2021**

**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, 2021.

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 June 10, 2019, the Board of Trustees (Board) approved the FY2020 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 approved 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 approve the FY2021 Budget for Oakland Center, with expenditures and transfers not to exceed the 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, 2021  
Oakland University  
Board of Trustees Formal Session  
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RESOLVED, that any expenditure level in excess of the approved amount that is not funded by a direct revenue increase must have the prior approval of the President or his/her designee and those amounts shall be reported on a periodic basis to the Board of Trustees; and, be it further

RESOLVED, that subject to satisfaction of the requirements set forth in all applicable Board of Trustees policies, the Board of Trustees authorizes the President, the Vice Presidents, 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 FY2021 budget and the ongoing administration of the FY2021 budget; and, be it further

RESOLVED, that any and all such 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 Oakland Center Budget Notes & Assumptions
- B. Oakland Center Proposed Budget – FY2021
- C. Proposed Major Capital Expenditures

Submitted to the President  
on \_\_\_\_\_, 2020 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 \_\_\_\_\_, 2020  
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>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>
Meeting/Event Room Reservations	6,134	6,381	6,961
Overall Foot Traffic	1 M	1.5 M	1.2 M

- Prior to COVID-19, annual foot traffic was trending to increase beyond FY2019, to levels higher than the year prior to construction. This continues to be a promising sign for increased use of the Oakland Center post expansion.
- In year two post expansion, the addition of two large event spaces (Founders Ballroom and Habitat) along with the existing Banquet Rooms have appealed to a diverse audience. Below is a comparison of large event spaces, showing an increase of events in those locations of 40%.

	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>
Banquet Room Reservations	429	383	424
Founders Ballroom Reservations	-	373	621
Habitat Reservations	-	106	161
Total	429	862	1206

### Major Accomplishments

- The Oakland Center major meeting and event space continued to witness a significant increase in room reservations, with a considerable increase from FY2019 to FY2020.
- The Oakland Center welcomed new and repeat external and community related businesses into the building renting spaces for conferences, staff retreats, and major events.

Major Accomplishments (continued)

- The Gold Room remodel was partially completed in FY2020, but was put on hold due to the COVID-19 pandemic. Overall, the response to the modernization of the space has been positive.
- In October 2019, the Oakland Center was included in the Construction Association of Michigan (CAM) Special Issue, highlighted as one of the top construction projects completed in the state of Michigan for the year 2018.

Capital Projects Outlook – Next Five Years

- The following are major projects that will need to be addressed within the next five years. None of these areas have witnessed catastrophic failure, but the expected remaining life makes these very pressing concerns.
  - Old roof (pre-2003 expansion)
  - Original HVAC penthouse (original to building/1969)

FY2020 Explanation of Major Changes

- Bookstore commissions decreased due to a decline in sales, particularly in the 4<sup>th</sup> quarter, as a result of COVID-19. Commissions were received on a percent of gross sales.
- Conference revenues decreased an estimated \$77K primarily a result of events and camps being canceled, due to COVID-19.
- The general fund use fee (Revenue-Other) is now incorporated into the overhead calculation.
- A one-time 30K gift was received for naming rights to the Overlook Lounge
- Compensation expenses were reduced due to staff vacancies, the reduction of a fulltime clerical position to part time and participation in the furlough program.
- Supplies and services as well as repair and maintenance expense decreased as a result of suspended building activity for the COVID-19 shutdown.
- Equipment replacement purchases were deferred to help compensate for the loss in general fund use fee revenue.
- Other transfers increased as a result of a one-time transfer to housing to help offset the cost of an agreed upon food service subsidy.
- Gold Room upgrades to include wallcoverings, paint, lighting and carpet were completed. Due to COVID-19 the installation of partition walls and audio/visual equipment will not be completed until the first half of FY2021.

FY2021 Budget Assumptions

- Bookstore contract commissions are expected to decrease due to an anticipated decline in gross bookstore revenue. Commissions are calculated on a percentage of gross sales.
- Many events and summer camps have been canceled for July and August resulting in a reduction to conference revenue.
- The FY2021 Chartwell's food service commission is guaranteed at \$644,204 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.
- The projected net loss is due to a decline in conference/camp, and bookstore revenue, due to the pandemic, and base budget reductions to University support. The deficit will be funded by Oakland Center reserves.
- Capital expenditures include flooring replacement for the food court and the main corridor for safety reasons.

**Oakland University**  
**Ancillary Activities Operating Budget**  
**Oakland Center**  
**Proposed Budget - All Funds**  
**FY2021**

	FY2019 ACTUAL	FY2020 BUDGET	FY2020 ESTIMATED ACTUAL	FY2021 PROPOSED BUDGET
<b>Revenue:</b>				
Operating Revenue				
Bookstore Commissions	\$ 752,559	\$ 680,000	\$ 614,630	\$ 560,000
Conference/Camps	299,593	300,500	222,810	150,000
Food Service	640,012	685,640	695,559	744,204
Other	143,565	135,092	-	-
Retail Sales	-	-	-	-
OU Purchased Services	138,470	217,913	217,913	239,824
Gifts and Grants	190	-	30,485	-
Investment Income	86,475	42,000	36,253	36,253
Total Revenue	<u>\$ 2,060,864</u>	<u>\$ 2,061,145</u>	<u>\$ 1,817,650</u>	<u>\$ 1,730,281</u>
<b>Expenditures:</b>				
Compensation	\$ 998,080	\$ 1,220,797	\$ 1,032,328	\$ 1,168,710
Supplies and Services	449,763	387,000	240,000	330,000
Repairs and Maintenance	391,020	375,950	280,000	387,000
Cost of Retail Sales	-	-	-	-
Equipment	118,218	110,000	15,765	25,000
Insurance	28,591	31,451	35,250	45,825
Utilities	522,162	537,764	538,000	543,700
Debt Service	80,866	80,866	80,866	80,866
Overhead charged by OU	267,915	305,540	305,540	338,770
Other Transfers	102,584	100,000	252,650	100,000
Total Expenditures	<u>\$ 2,959,199</u>	<u>\$ 3,149,368</u>	<u>\$ 2,780,399</u>	<u>\$ 3,019,871</u>
<b>Net Income</b>	<u>\$ (898,335)</u>	<u>\$ (1,088,223)</u>	<u>\$ (962,749)</u>	<u>\$ (1,289,590)</u>
<b>University Support:</b>				
Student Tuition Allocation	\$ 1,134,159	\$ 1,134,159	\$ 1,134,159	\$ 1,022,917
Total University Support	<u>\$ 1,134,159</u>	<u>\$ 1,134,159</u>	<u>\$ 1,134,159</u>	<u>\$ 1,022,917</u>
<b>Net Income with University Support</b>	<u>\$ 235,824</u>	<u>\$ 45,936</u>	<u>\$ 171,410</u>	<u>\$ (266,673)</u>
<b>Ending Balances prior to Major Cap. Expenditures:</b>				
Restricted Fund Balance *	\$ -	\$ -	\$ 30,000	\$ -
Unrestricted Fund Balance	2,950,123	2,996,059	3,091,533	2,690,360
Less: Major Capital Expenditures		164,500	164,500	136,000
<b>Total Ending Fund Balance</b>	<u>\$ 2,950,123</u>	<u>\$ 2,831,559</u>	<u>\$ 2,957,033</u>	<u>\$ 2,554,360</u>
Naming rights - Overlook lounge			<u>\$ 30,000</u>	
Restricted Fund Balance *			<u>\$ 30,000</u>	

**Oakland University  
Oakland Center  
Proposed Major Capital Expenditures  
FY2021**

<b>Item Description</b>	<b>Estimated Cost</b>
Replace flooring in the food court and carpeting in the main corridor and the north hallway	\$ 136,000
<b>FY2021 Total</b>	<u><u>\$ 136,000</u></u>