

Agendum
Oakland University
Board of Trustees Formal Session
June 21, 2021

**OAKLAND CENTER OPERATING BUDGET FOR THE
FISCAL YEAR ENDING JUNE 30, 2022**

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, 2022.

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 15, 2020, the Board of Trustees (Board) approved the FY2021 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 developed by the Director of the Oakland Center, reviewed by the Financial Performance Review Committee, Budget and Financial Planning office, Senior Vice President for Student Affairs, Vice President for Finance and Administration, and President.
8. **Recommendation:**
RESOLVED, that the Board of Trustees approve the FY2022 Budget for the 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, 2022
Oakland University
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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 FY2022 budget and the ongoing administration of the FY2022 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 – FY2022
- C. Proposed Major Capital Expenditures

Submitted to the President
on 17 June, 2021 by

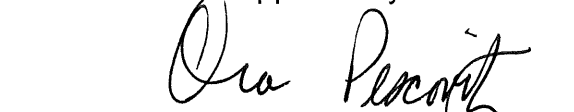


Glenn McIntosh
Senior Vice President for Student Affairs and
Chief Diversity Officer

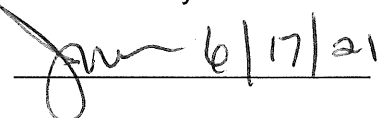


John W. Beaghan
Vice President for Finance and Administration
and Treasurer to the Board of Trustees

Recommended on 6/17, 2021
to the Board for approval by



Ora Hirsch Pescovitz, M.D.
President

Reviewed by
 6/17/21

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>FY2019</u>	<u>FY2020</u>	<u>FY2021</u>
Meeting/Event Room Reservations	6,381	4,580	1,424
Overall Foot Traffic	1.5 M	1.08 M	0.25M

- Annual foot traffic in FY21 was very low due to the COVID-19 pandemic. Traffic numbers are consistent with the number of in person classes, and remained steady throughout the academic year. This is a promising sign that students visiting campus still found value in the services and amenities provided in the Oakland Center.
- Meetings and events were very low due to the COVID-19 pandemic and state orders and restrictions. This allowed the Oakland Center to host classes in the two largest spaces, the Founders Ballroom (Fall semester only) and the Banquet Rooms (Fall and Winter semesters), which meant the Oakland Center continued to provide a valuable service to students through use of spaces typically used for meetings and special events. Please note that classes were included in the number of room reservations above.

Major Accomplishments

- The Oakland Center major meeting and event spaces were converted to classrooms for the Fall and Winter semesters.
- External and community related events and guests were limited due to the COVID-19 pandemic; however, the Oakland Center successfully hosted a handful of external groups throughout the year, meeting all event restriction requirements and not experiencing any COVID-19 outbreaks associated with any of those events.
- The Oakland Center was recognized in the second half of 2020 by the Rochester Regional Chamber of Commerce with the Front-Line Leader award at the Sunrise Pinnacle Awards for the ability to adjust operations to host a food distribution center in partnership with the City of Pontiac and Lighthouse, helping to feed local families early in the pandemic, prior to students returning to campus.

- The food service contract with Chartwells Higher Education was extended to 2035, adding ten years to the current contract. This provides Oakland University with continued excellence in traditional student dining, retail food concepts, and catering services for years to come.

Capital Projects Outlook – Next Five Years

- FY22 – Oakland University E-Sports - \$50,000
 - The Oakland Center will support the conversion of the Bear Cave on the lower level, adding PC gaming stations and updating the existing services and amenities to attract a larger audience, while meeting the growing interest for e-sports on campus.
 - The addition of the varsity e-sports program has brought positive attention to the University, and this space will add to being the university of choice in the state of Michigan.
- The following projects have been identified as likely significant facility upgrades 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)

FY2021 Explanation of Major Changes

- Bookstore commissions decreased due to a decline in gross sales. Commissions were received on a percent of sales basis versus a guarantee basis. This is a one-time contract concession due to the pandemic.
- Conference revenues decreased due to all events and camps being cancelled as a result of the mandate issued by the State of Michigan which shut down all large gatherings for the year.
- Food service revenues were eliminated entirely for FY21 due to COVID-19 shutdown. A new contract was negotiated and extended through 2035.
- Compensation expenses were reduced due to staff vacancies and the reduction of student employment due to building shutdowns, and a reduction of building hours and services, during the pandemic. Savings were realized as a result of participation in the work share program.
- Supplies and services, repair and maintenance and utility expense decreased as a result of suspended building activity for the COVID-19 shutdown.

FY2022 Budget Assumptions

- Bookstore contract commissions are expected to decrease due to an

anticipated decline in gross bookstore revenue. The contract is under review for extension or request for proposals.

- Conference revenue is expected to increase as COVID-19 restrictions on gatherings is lifted. Summer camp programs have been cancelled for summer 2021.
- The Chartwell's food service commission is calculated at 7% of estimated gross sales 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. Revenue decline is related to lower than expected board adoption rate, based on lower number of students projected to stay on campus.
- Total transfer activity, year-six annual food service amortization is \$100,000.
- The projected net loss is due to a decline in third party contract revenue and the cancellation of the summer camp program and will be funded by Oakland Center reserves.

Oakland University
Ancillary Activities Operating Budget
Oakland Center
Proposed Budget - All Funds
FY2022

	FY2020 ACTUAL	FY2021 BUDGET	FY2021 ESTIMATED ACTUAL	FY2022 PROPOSED BUDGET
Revenue:				
Operating Revenue				
Bookstore Commissions	\$ 669,703	\$ 560,000	\$ 529,000	\$ 481,000
Conference/Camps	219,763	150,000	8,410	238,500
Food Service	695,559	744,204	75,000	566,666
Other	63	-	-	-
Retail Sales	-	-	-	-
OU Purchased Services	217,913	239,824	239,824	248,130
Gifts and Grants	30,485	-	473	-
Investment Income	50,807	36,253	3,100	2,500
Total Revenue	<u>\$ 1,884,293</u>	<u>\$ 1,730,281</u>	<u>\$ 855,807</u>	<u>\$ 1,536,796</u>
Expenditures:				
Compensation	\$ 1,032,013	\$ 1,168,710	\$ 945,800	\$ 1,176,820
Supplies and Services	253,668	330,000	70,207	268,200
Repairs and Maintenance	247,768	387,000	215,000	345,500
Cost of Retail Sales	-	-	-	-
Equipment	17,109	25,000	-	25,000
Insurance	35,250	45,825	39,124	50,862
Utilities	481,738	543,700	374,476	472,630
Debt Service	80,866	80,866	80,866	80,866
Overhead charged by OU	305,540	338,770	338,770	342,367
Other Transfers	252,715	100,000	100,000	100,000
Total Expenditures	<u>\$ 2,706,667</u>	<u>\$ 3,019,871</u>	<u>\$ 2,164,243</u>	<u>\$ 2,862,245</u>
Net Income	<u>\$ (822,374)</u>	<u>\$ (1,289,590)</u>	<u>\$ (1,308,436)</u>	<u>\$ (1,325,449)</u>
University Support:				
Student Tuition Allocation	\$ 1,134,158	\$ 1,022,917	\$ 1,022,917	\$ 1,022,916
Total University Support	<u>\$ 1,134,158</u>	<u>\$ 1,022,917</u>	<u>\$ 1,022,917</u>	<u>\$ 1,022,916</u>
Net Income with University Support	<u>\$ 311,784</u>	<u>\$ (266,673)</u>	<u>\$ (285,519)</u>	<u>\$ (302,533)</u>
Ending Balances prior to Major Cap. Expenditures:				
Restricted Fund Balance *	\$ -	\$ -	\$ 30,000	\$ 30,000
Unrestricted Fund Balance	3,261,907	2,830,734	2,781,888	2,343,355
Less: Major Capital Expenditures	164,500	136,000	136,000	50,000
Total Ending Fund Balance	<u>\$ 3,097,407</u>	<u>\$ 2,694,734</u>	<u>\$ 2,675,888</u>	<u>\$ 2,323,355</u>
Naming rights - Overlook lounge			\$ 30,000	
Restricted Fund Balance *			<u>\$ 30,000</u>	

**Oakland University
Oakland Center
Proposed Major Capital Expenditures
FY2022**

Item Description	Estimated Cost
Upgrade the Bear Cave to accommodate an E-Sports program	\$ 50,000
FY2022 Total	<u><u>\$ 50,000</u></u>