

**WESTERN WASHINGTON UNIVERSITY
ITEM SUBMITTED TO THE BOARD OF TRUSTEES**

TO: Members of the Board of Trustees
FROM: President Sabah Randhawa on behalf of Vice President, Melynda Huskey
DATE: April 14, 2023
SUBJECT: Approval of Housing & Dining Rates
PURPOSE: Action Item

Purpose of Submittal:

Approval from the Board for increases in rate for Housing and Dining room and board for 2023-2024.

Proposed Motion:

MOVED, the Board of Trustees of Western Washington University, upon recommendation of the University President, approve the Housing and Dining rates as proposed. The 2023-2024 proposed rates call for:

- 1). 4.73% increase in the base residence hall room and board rates.
- 2). 6.00 % increase in Birnam Wood apartment rental rates.

Introduction:

The attached rate increase, budget, and supporting documentation represent recommendations for FY2023-24 for the Housing & Dining System [the System] which consists of University Residences, and facilities and 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 enables the System to continue its comprehensive program of facility renewals and renovations. 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 the necessary reserve fund balances, planned major maintenance, debt service coverage, and capital planning.

Management's Comments:

In FY2022-23 occupancy in near pre-pandemic levels, kept a minimum of spaces offline for quarantine and isolation, and needed repairs. Strong occupancy demand during 2022-23 means the System can replenish some of its reserves going into 2023-24. For Fall 2023 housing anticipates opening at 99% capacity, leaving some bed spaces open for room transfers to address mental health and interpersonal management concerns and maintenance work. Operational plans for Fiscal 2024 are designed to move the System forward on elements of the long-term plans delayed by the pandemic. For FY2024, emphasis is placed on maintaining affordability, safety, and access. With dining rates increasing 4%, room increases are proposed to increase between 4.75% - 5% to maintain an aggregate average increase of 4.73%.

Birnam Wood apartments are proposed to increase 6%. With the increase, the monthly rate for Birnam Wood will go from \$508 to \$538 per month. Even with the \$38 per month increase, Birnam Wood is still significantly lower than other off-campus apartments in the area, which are approximately \$950mo, not including utilities, based on a January 2023 survey.

Budget and Rate Planning Influencers:

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. During FY2022 - 2023 inflation rates continued to increase for the second year in a row. Once again, the increase in inflation was 8.8%. Food prices increased 11.3% while food away from home (restaurant dining) increased 15%. University Residences leadership continues to seek opportunities for cost reductions and efficiency. For FY2024 staffing levels continued at less than 100% since the pandemic.

The Capital Plan and System Renovations: The Housing & Dining Capital Plan addresses the long-term financial strength of the System and ensures the System's facilities meet Western's enrollment expectations and meet or exceed the Board of Trustees' fiscal principles. It also invests in infrastructure to ensure longevity, health, and safety, and responds to changing needs and expectations, including significant and much-needed renovations. A development plan was completed in March 2020 to integrate these efforts with the University's strategic and enrollment plans. System resource planning will ensure the number of units, condition, and appropriateness for programmatic needs are optimized. Due to the COVID-19 pandemic and the effects on the system's financial health, capital renovations as recommended in the Ayers Saint Gross (ASG)/Jones Lang LaSalle (JLL) study were slowed. The long-term plan includes necessary upgrades to plumbing, exterior envelope (e.g., roofs and windows in several buildings), and assessing/addressing safety, security, and accessibility issues. In FY22, the development plan was reviewed and adjusted based on current building conditions and the economic impact of COVID. A revised plan was presented to the FARM committee in May 2022.

Debt Service: Debt service payments resumed in FY2023 after a much-needed relief in FY2021 and FY2022 when the payments were deferred to the pandemic. The deferral of the payments for two years resulted in slightly higher annual payments for the remaining 10-year term of the outstanding bonds beginning FY2023.

The attached presentation to student leaders contains important additional information about the rate increase, differential pricing, and System budget planning.

(Report begins on the next page)

WESTERN WASHINGTON UNIVERSITY
HOUSING & DINING SYSTEM
2023-2024 PROPOSED RATES

Information shared with Student Leadership

February 15, 2023

Introduction

The attached rate increase, budget, and supporting material represent recommendations for FY2023-24 for the Housing & Dining System (the System) which consists of University Residences, Dining Services, and the facilities & operations components of the Viking Union. This budget and rate proposal responsibly approaches inflationary and recharge pressures, maintains the functions of Western's quality residential program, and allows the System to begin recovery from the FY2020 and 2021 financial disruptions as needed capital investments loom. A major influence for planning came from expectations outlined in the Principles for the Housing & Dining System and the plans outlined in the ASG/JLL Housing & Dining System Development Assessment, which received staff and student input. This recommended budget meets those standards of necessary reserve fund balances, planned major maintenance, debt service coverage, and capital planning.

Why is a Housing Rate Increase Needed?

The proposed rates represent the System's continued efforts to provide a quality residential experience at an affordable cost. The attached documents review the impact of additional costs on the System and responses to those impacts. The rate increase addresses external rate pressures such as inflationary and recharge rate increases and reflects continued financial positioning in response to the demands of facility renovations needed. The System's staff continues to research efficient operating methods and ways to develop and bring relevant services to the student residential experience. State funds are not used to support the Housing & Dining System.

Programmatic & Enhancements Considerations

Student feedback is gathered through surveys, regular evening meetings of "Dessert with the Director," Resident Hall Association, and Associated Students, along with direct input from individual students. This feedback is utilized to make programmatic and enhancement investments. The programmatic enhancements are currently being processed: Enhanced Wi-Fi, access control, gender-neutral restrooms, and updated bike storage.

Planning Considerations and Assumptions:

Occupancy

University Residences plans to open at 99% operating occupancy assigning most rooms at designed capacity. Some rooms will remain offline for critical or emergent use as needed. The System plans to offer housing to 1,200 returning students for Fall quarter, to address the housing shortages in Bellingham.

Differential Pricing

For the third year, Western continues to offer tiered pricing to accommodate student needs. Sixty-five percent (65%) of residence hall beds are at the lowest price tier, 19% of spaces at the middle tier and

16% of rooms at the top-level premium tier. The differentiating criteria for premium rooms are in-suite kitchen availability and general bathroom density. Examples of top-tier rooms are in Buchanan Towers and Buchanan Towers East. Examples of middle-tier rooms are most of the rooms in Alma Clark Glass, Edens, and Higginson Hall.

Affordability & Choice

Student input provides consideration of affordable living spaces. Coming out of a pandemic and faced with historically high inflation rates, University Residences placed student affordability as the highest priority when putting together the FY2024 budget. Feedback from students consistently showed they desire more value. Late-night dining, improved accessibility, addressing health and safety concerns, are the focus for FY2024.

Proposed Rate Increases:

The proposed **base rate** increase for all residential hall rooms with meal plans is an aggregate of 4.73%.

- Impact of the **base rate** Increase: Residence Halls (Room & Board): At a 4.32% increase, a base tier triple room with 125 Meal Plan increases \$67/month or \$595 for the academic year.
- Meal Plan increase proposed is 6.0%
- Birnam Wood (shared Room): a 6.0% increase equates to an increase of \$30/month or \$274 for the academic year.

Proposed Revenue & Expenditure Details:

The following comments and figures pertaining to 2023-24 are in comparison to the 2022-23 proposed budget and rates presented at the April 2022 Board of Trustees meeting (see included pro-forma statement). Importantly, FY2024 projected revenue and expenditures reflect University Residences operating at 99% of operating capacity, similar to FY2023 which makes a meaningful direct comparison with the FY2023 projection.

Revenue Highlights and Assumptions

- Overall, the System's budgeted operating revenue increased by \$24,000 or .04% over FY2023's proposed budgeted revenue. This is primarily due to a potential decrease in dining commissions if Western selects a new dining contractor.
- At this writing, firm enrollment projections are unavailable, but early indicators point to full occupancy for Fall in University Residences.
- Currently WWU is reviewing bids for a new dining contract. The outcome could potentially increase commission revenue for the university.
- Summer conferences and sports camps will be held in 2023, but not at the level they were pre-pandemic.
- Although the Non-Academic Building Fee is increasing by \$2.00, reduced enrollment for FY2024 is anticipated, causing a projected decrease of 2.86%

Operating Expenditures Highlights and Assumptions

- Budgeted Operating Expenditures are projected to increase \$2.3 million or 5.8%. This is primarily due to salary increases and inflation.
- Wages and Benefits increase \$649,000 or 7.5% due to University Residences and Viking Union filling in vacancies, and salary increases.
- Food service expense increases 2.5% or \$427,000 due to a combination of a 4.0% resident dining rate increase and an increase in meal plan subscribers for FY2024.
- Utilities: Taken together the various utility expenditures are expected to increase by 412,568 or 14% due to increase utility rates.
- Maintenance and repairs increased \$183,756 or 4.8%. An anticipated increase in shop recharge rates and an increase in supplies and materials are factored into the increase. Maintenance deferred in FY2023 due to supply chain issues and labor shortages will resume in FY2024.
- Insurance premiums for FY2023 increased 31% or roughly \$190,000 from previous years.
- An increase in the Administrative Assessment Fee (ASA) is primarily due to an increase in revenue. ASA rates for FY23 were 5.775%. The rate remains the same for FY24.
- Student Services Support and Service Agreements are made up of Custodial Services, ATUS Support and Green Coat Patrols. For FY2024 the cost is estimated to increase by 40% or \$945,000 primarily due to salary increases and additional support from ATUS and EIS.
- Other Expenses include printing, copying, laundry, travel, and other miscellaneous expenses. These costs will decrease 18.8% or \$252,414 in support of university budget cuts, such as eliminating travel for FY2024.

Non-Operating Expenditures Highlights and Assumptions

- Allocations for major repairs and minor renovations decreased by \$2.7 million or 33% for new projects. With labor shortages and supply chain issues in FY2023, work delayed in FY2023 will be completed in FY2024. FY2023 projects included access control enhancements, network upgrades to comply with IT security requirements, and some building infrastructure repairs in Birnam Wood.
- No reserve funds were used in FY2023 (as of this writing) to replenish operating accounts.
- Overall, budgeted non-Operating expenditures and transfers decreased by \$2.2 million or 12.7%.

WESTERN WASHINGTON UNIVERSITY – HOUSING & DINING SYSTEM
PROPOSED OPERATIONS FOR BUDGET YEARS ENDING JUNE 30, 2022 & 2023

		DRAFT (1) BUDGET 2022-2023	DRAFT BUDGET 2023-2024 <i>As of 03/27/23</i>	% Change	DIFFERENCE BUDGET \$
REVENUES					
Room & Board Plans	(2)	\$ 50,084,111	\$50,831,019	1.49%	\$746,908
R&B Fees and Penalties	(3)	208,000	246,000	18.27%	38,000
Investment Income		53,000	100,000	88.68%	47,000
Housing Rentals		170,520	178,193	4.50%	7,673
Conferences	(4)	165,769	276,225	66.63%	110,456
Commissions	(5)	1,908,000	1,008,000	-47.17%	(900,000)
Viking Union Program & Services		615,055	716,770	16.54%	101,715
S&A Fee Distribution	(6)	1,186,516	1,224,500	3.20%	37,984
VU & Multicultural Center Bldg Fee	(6)	3,150,313	3,060,200	-2.86%	(90,113)
Other Revenues		75,000	0		(75,000)
Total Operating Revenues		\$ 57,616,284	\$57,640,907	0.04%	\$24,623
OPERATING EXPENDITURES					
Salaries & Benefits	(7)	8,669,257	9,318,904	7.49%	\$649,647
Food Service	(8)	16,813,049	17,240,436	2.54%	427,387
Utilities	(9)	2,948,189	3,360,757	13.99%	412,568
Maintenance & Repairs	(10)	3,813,715	3,997,471	4.82%	183,756
Operating Supplies		331,590	378,491	14.14%	46,901
Equipment		389,750	218,650	-43.90%	(171,100)
Insurance	(11)	808,500	962,000	18.99%	153,500
Administrative Services Assessment (ASA)	(12)	2,232,787	2,148,458	-3.78%	(84,329)
Student Services Support & Service Agreements		2,323,365	3,268,372	40.67%	945,007
Other	(13)	1,339,846	1,087,432	-18.84%	(252,414)
Total Expenditures		\$ 39,670,048	\$ 41,980,971	5.83%	\$ 2,310,923
NON-OPERATING EXPENDITURES/TRANSFERS					
Bond Debt Service	(14)	\$ 9,826,159	\$ 9,740,634		\$(85,525)
R&R Minor Caps & Public Works		8,304,000	5,535,926	-33.33%	(2,768,074)
Other Transfers			383,376		383,376
Capital Plan Projects. Expensed		(183,923)		-100.00%	183,923
Total Non-Operating Expenditures		\$ 17,946,236	\$ 15,659,936	-12.74%	(2,286,300)
Total Expenditures		\$ 57,616,284	\$ 57,640,907		
EXCESS (DEFICIT) OF REV OVER EXP					
		\$ -	\$ -		\$ -

FOOTNOTES TO THE ATTACHED 2022-2023 HOUSING & DINING SYSTEM PROPOSED BUDGET.

- The 2023-2024 Budget, middle column is shown to compare with the FY 2022-2023 proposed budget presented to the BOT at the April 2022 Trustee meeting. After the meeting, it was
- (1) determined two stacks 4 and 5 in Fairhaven would remain offline due to much-needed maintenance. Due to the high demand, stack 4 was opened. FY23 assumes some spaces will remain offline for repairs and maintenance.
 - (2) Room & Board rate increase is proposed at a 4.73% aggregate rate. System housing capacity is expected to be near full for FY2024, while leaving enough space available for emergency repairs due to aging infrastructure.
 - (3) Fees and Penalties increased by 18% partially due to the change in the contract breakage fee structure.
 - (4) Summer Conferences resume for FY2023, but not at the pre-COVID level.
 - (5) The commission amount for FY24 will depend on the dining contractor. As of this writing, the selection process is underway. Commission amounts proposed range from \$1M to \$2M annually.
 - (6) Viking Union revenue is a preliminary estimate based on enrollment projections for the S&A Fee, Viking Union and Multicultural Center Building Fee. For FY2024 the non-academic building fee will increase \$2.00 per student.
 - (7) For FY2024, wage increases incorporate COLA increases, minimum wage increases, and filling vacancies not previously filled due to the COVID pandemic.
 - (8) The Food Service expense category includes residential dining, catering, conference dining and departmental food costs. Residential dining rate increase shown at 4.0% increase.
 - (9) Utility increase is due to a 20%-40% increase in utility rates from FY22 to FY23.
 - (10) Maintenance and repairs were curtailed for FY2023, mainly due to supply chain and labor issues. Much-needed repairs will be completed in FY2024. An increase in the maintenance budget reflects this.
 - (11) Insurance premiums increased 20% in FY2023.
 - (12) An increase in Administrative Assessment Fee (ASA) is primarily due to an increase in revenue. ASA rates for FY23 were 5.775%. This is expected to remain the same in FY2024. A new ASA structure is currently under review.
 - (13) Other Expenditures - This category includes expenditures for: Student Activities, audit, consultants, training, travel, printing, copying, laundry, and other miscellaneous.
 - (14) Re-payment of debt services resumed in 2023.

WASHINGTON PUBLIC UNIVERSITIES
(with more than 1,500 on-campus beds)

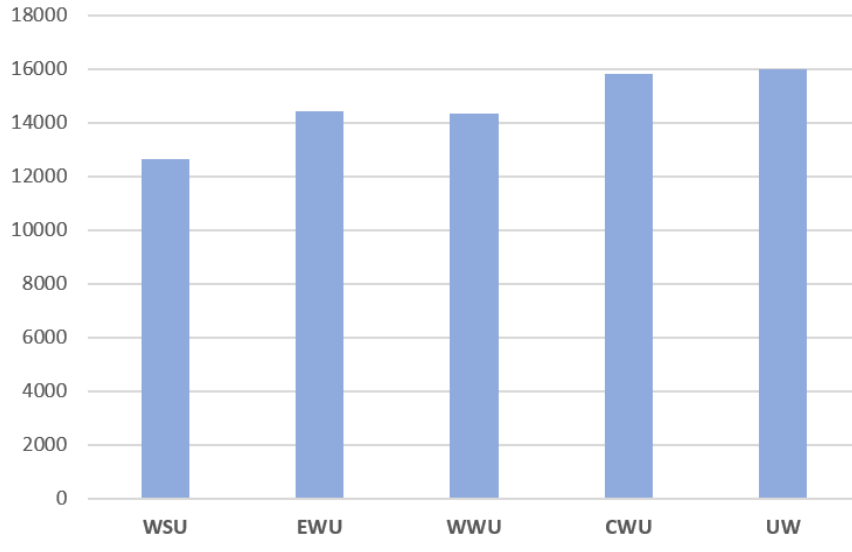
RESIDENCE HALL ROOM & BOARD PLAN COSTS

FY2024 (as of 3/26/23)

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

	WSU	EWU	WWU	CWU	UW
	Level 2	Gold	125 Block	"Large"	"Level 4"
On-Campus Capacity	6,296	1,971	4,372	3,210	10,101
Residence Hall Room Pricing Model	New/Renovated rooms priced higher	New/Renovated rooms priced higher	Differential Priced by amenities	New/Renovated rooms priced higher	New/Renovated rooms priced higher
Live on Requirement?	First-year students	First-year students	None	First-year students	None
Type of Meal Plan	Declining Balance	Meals & Points	Meals & Points	Declining Balance	Declining Balance
Elements of the Meal Plan	Equivalent to approx. 14 meals/wk.	Equivalent to 2 to 3 meals per day	Approx. 12+ meals/wk. + \$668 Points	Equivalent to approx. 14 meals/wk.	Equivalent to 13-15 meals/per wk.
Weighted Cost of a Double Room & Meals	\$12,630	\$14,440	\$14,342	\$15,816	\$16,006
Rate of Increase Over 2022-23	Proposed N/A	Proposed 4.89%	Proposed 4.73%	Proposed 6.0%	Approved 5.0%

FY2024 Rate Comparison



WESTERN WASHINGTON UNIVERSITY – HISTORICAL DATA

ACADEMIC YEAR	ACADEMIC YEAR RATE with 125 BLOCK PLAN	% OF CHANGE
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	\$12,037	5.00%
2020-21	\$12,519	4.00%
2021-22	\$13,079	4.50%
2022-23	\$13,747	3.55%
2023-24	\$14,342	4.73%
10-Year Average Percentage Change		4.21%

The 4.73 % base increase is applied to all rooms. The room & meal plan rate shown here is the weighted average rate of all double room types, which incorporates the additional two-tier increases. The average room increase was 5%. Meal plans increase for FY2024 is 4.0%.

SAMPLE ROOM & BOARD RATES and APARTMENT RENTS FOR 2023-2024

	2022- 23% Actual	2023-24 Proposed	2023-24 Rate of Change
Room & Board Plans: Academic Year			
Double Room with 125 meal plan - Level 1 or Value Rooms	\$13,747	\$14,342	4.3%
Double Room with 125 meal plan - Level 2 or Standard Rooms	\$14,232	\$14,895	4.7%
Double Room with 125 meal plan - Level 3 or Premium Rooms	\$15,104	\$15,811	4.7%
Triple Room with 125 meal plan - Level 1 or Value Rooms	\$11,570	\$12,067	4.3%
Triple Room with 125 meal plan - Level 2 or Standard Rooms	\$11,905	\$12,452	4.6%
Triple Room with 125 meal plan - Level 3 or Premium Rooms	\$12,693	\$13,279	4.6%
Birnam Wood Apartment Rents: Academic Year			
Birnam Wood: <u>Monthly</u> rate per person per bed (Two bedrooms with 4 occupants)	\$508	\$538	6.0%