

**WESTERN WASHINGTON UNIVERSITY  
HOUSING & DINING SYSTEM  
2011-2012 PROPOSED RATES**

**Presented to the Residential Advisory Committee, Residence Hall Association &  
Associated Students Board of Directors**

**PRO-FORMA SUMMARY:**

**March 3, 2011**

**Updated March 14, 2011**

Introduction

The attached budget and rates represent the recommendations for fiscal year 2011-12. The challenging fiscal climate facing the State and WWU has introduced complexities and uncertainties into this year's process. This rate package is presented prior to the campus knowing the extent of the State's fiscal expectations for WWU, the ramifications of which may affect the System. The campus dining contract was bid out this year and financial negotiations are not expected to conclude prior to setting rates for next year. The System's leadership has presented a budget and rate proposal which maintains core functions of the residential program while recognizing the fiscal uncertainty that awaits the campus. The proposed rate and fee increase has been thoughtfully considered relative to the total cost for students to attend Western. As with every year, a major influence for planning came from the University's Strategic Action Plan and standards and expectations outlined in the Principles for the Housing & Dining System. This recommended budget meets those standards and ensures that management attends to the necessary reserve fund balances, planned major maintenance, debt service coverage, and capital planning. Room and Board revenue is based on a slight increase in occupancy from the current fiscal year. The figures and explanatory text reflect student input from surveys and committees as well as the most recent projections for revenue and expenditures.

The Capital Plan

The Student Affairs Housing & Dining Capital Plan ensures that the System's facilities meet Western's enrollment plan, meet or exceed the Board of Trustees fiscal principles, invests in infrastructure to ensure longevity, health and safety, and responds to changing student needs and expectations. Fiscal Year 2012 brings the start of the Ridgeway Beta fire sprinkler installation and general renovation and design planning for the Mathes fire sprinklers; installation of wireless access points in all of the residential facilities will begin. The Buchanan Towers renovation is scheduled to be completed in FY2012. Capital projects planned over the next 10 years include continued fire sprinkler additions, scheduled replacement of fire and safety alarms, upgrades to radiant heat systems, and seismic upgrades.

Why is a Housing Rate Increase Needed?

The proposed rates represent the System's continued efforts to provide a quality program at an affordable cost. The attached documents review the impacts of the additional costs to the system, and the results of the responses to those impacts. The

larger increases include an increase in the institutional overhead assessment, anticipated dining rate increases, and an increase in contributions to the System's capital plan for planned renovations. In the midst of this pressure residential programs and services are expected to continue at a high quality level. System staff continues to look for efficient operating means and methods to bring services to students. State funds are not used to support the Housing & Dining System.

#### Proposed Rate Increase:

- The proposed residence hall and Birnam Wood rate increase is 4%.
- The budget and rate materials presented herein show that the System can support its 2011-12 programs with a rate increase of 4% based on our current understanding of a dynamic fiscal environment. This increase recognizes that additional costs may be possible and seeks to give students realistic information to help their financial planning for the coming year.
- The 4% increase is consistent with the long-range financing plan presented to the Board of Trustees and the Residence Hall Association which projects annual increases in the 4-5% range over a ten-year period.

#### Impact of the Rate Increases

- Residence Halls: At a 4% increase, a double room w/125-Block Meal Plan increases \$37/month or \$337 for the school year.
- Birnam Wood: With 4 residents per unit: At a 4% increase the rent increases \$12.33/month or \$111 for the school year.

### **Background Information and Revenue & Expenditure Details:**

Comments and figures pertaining to FY2012 are compared to the FY2011 proposed budget and rates presented at the April 2010 Board of Trustees meeting (revised Fall 2010 to address opening occupancy adjustments).

#### **Revenue Highlights and Assumptions**

- Opening System occupancy for September 2011 at 20 additional students.
- Additional residence hall beds from the anticipated opening of Buchanan Towers East and a reduction in off-campus leased apartments.
- Slight increase in anticipated conference revenues and commissions.
- The Building Fee figure, in part, reflects a fee increase proposed by Viking Union management that will be reviewed and acted on through a separate process in spring quarter.
- Overall, the budgeted Operating Revenue increase is \$2,006,141 or 5.8% over FY2011's proposed budget.

## Operating Expenditures Highlights and Assumptions

- Wages and Benefits increase \$39,000 or 0.63%. Primary drivers for the increase are health benefits and room and board increase for resident advisors. There are no State cost-of-living increases, but classified staff step increases are incorporated. Position reductions are reflected in these figures.
- The variance in food services is due to a) the uncertainties in the potential dining rate since dining services bids are still being evaluated and will not be final until late spring; b) the addition of meal plans from the opening of the 100 beds at Buchanan Towers. In addition, the figure reflects the growth in voluntary meal plans not in place at the FY2011 budget writing.
- Utilities: While most utilities increased slightly, reductions were found in natural gas expenditures as the market continues to remain favorable for the University.
- Maintenance: A \$53,000 or 2.8% increase over FY2011 is shown on the attached document, but the FY2012 expenditure compared to the revised FY2011 budget, which reflected recharge increases communicated in June 2010, actually shows a slight decrease in University Residences maintenance expenditures.
- Rentals and operating leases decrease \$268,000 or 73% due to the termination of the New York apartment leases.
- Institutional Services, which includes University Police charges and the University's Administrative Services Assessment (ASA) increases 25%. The ASA increases from 4% of adjusted revenue to a 5% assessment.
- Budgeted operating expenditures are projected to increase by \$1,099,955 or 4.6%.  
The operating expenditures total includes \$552,000 of expense reductions.

## Non-Operating Expenditures Highlights and Assumptions

- Allocations for major repairs and planned renovations increase \$93,000 or almost 2.9%. This investment in the existing facilities keeps the System within targeted levels per the fiscal principles established by the Board of Trustees.
- Transfer to the System's capital plan increases \$1 million or 65%. Upcoming projects include significant fire sprinkler additions, follow-up work on the Buchanan Towers addition, and the installation of wireless access points in all residential areas.
- Overall, budgeted non-operating expenditures and transfers increase \$906,000 or 8.7%.

**WESTERN WASHINGTON UNIVERSITY - HOUSING AND DINING SYSTEM  
PROPOSED OPERATIONS FOR BUDGET YEARS ENDED JUNE 30, 2011 & 2012**

|   | <b>PROPOSED<br/>BUDGET<br/>2010-11<br/>As Presented to BOT</b> |   | <b>DRAFT<br/>BUDGET<br/>2011-12<br/>As of 3/10/11</b> |    | <b>PERCENT<br/>CHANGE</b> |   | <b>DIFFERENCE<br/>BUDGET \$</b> |
|---|--|---|---|----|---------------------------|---|---------------------------------|
| <b>REVENUES</b>                             |  |   |   |    |                           |   |                                 |
| Room and Board Payments                     | \$29,558,000   | 1 | \$31,509,000  | 2  | 6.60%                     | 3 | \$1,951,000                     |
| Room and Board Fees and Penalties           | 142,500  |   | 142,500   |    | 0.00%                     |   | 0                               |
| S & A Fee Distribution                      | 1,253,000  |   | 1,253,000   |    | 0.00%                     |   | 0                               |
| Investment Income                           | 117,000  |   | 102,000   |    | -12.82%                   |   | (15,000)                        |
| Bond Interest Subsidy                       | 318,574  |   | 318,574   |    | 0.00%                     |   | 0                               |
| Housing Rentals                             | 134,650  |   | 136,650   |    | 1.49%                     |   | 2,000                           |
| Viking Union                                | 170,464  |   | 161,564   |    | -5.22%                    |   | (8,900)                         |
| Conferences                                 | 524,069  |   | 554,069   |    | 5.72%                     |   | 30,000                          |
| Commissions                                 | 493,800  |   | 522,300   |    | 5.77%                     |   | 28,500                          |
| Building Fee                                | 1,507,393  |   | 1,519,934   | 4  | 0.83%                     |   | 12,541                          |
| Other                                       | 87,150   |   | 93,150  | 5  | 6.88%                     |   | 6,000                           |
| Total Revenues                              | \$34,306,600   |   | \$36,312,741  |    | 5.85%                     |   | \$2,006,141                     |
| <b>OPERATING EXPENDITURES</b>               |  |   |   |    |                           |   |                                 |
| Salaries & Benefits                         | \$6,104,891  |   | \$6,143,653   | 6  | 0.63%                     |   | \$38,762                        |
| Food Service                                | 9,518,422  |   | 10,405,870  | 7  | 0.00%                     |   | \$887,448                       |
| Communications                              | 255,785  |   | 255,485   |    | -0.12%                    |   | (\$300)                         |
| Electricity                                 | 732,951  |   | 763,343   |    | 4.15%                     |   | \$30,                           |
| Heat  | 1,589,933  |   | 1,449,933   | 8  | -8.81%                    |   | (\$140,000)                     |
| Water/Sewer                                 | 393,673  |   | 396,227   |    | 0.65%                     |   | \$2,554                         |
| Refuse Disposal/Recycling                   | 265,422  |   | 266,651   |    | 0.46%                     |   | \$1,229                         |
| Television Cable                            | 123,725  |   | 111,725   |    | -9.70%                    |   | (\$12,000)                      |
| Maintenance & Repairs                       | 1,937,630  |   | 1,991,070   |    | 2.76%                     |   | \$53,440                        |
| Operating Supplies                          | 227,550  |   | 231,365   |    | 1.68%                     |   | \$3,815                         |
| Equipment                                   | 237,055  |   | 296,424   | 9  | 25.04%                    |   | \$59,369                        |
| Insurance                                   | 463,630  |   | 457,852   |    | -1.25%                    |   | (\$5,778)                       |
| Rentals and Operating Leases                | 365,156  |   | 97,014  | 10 | -73.43%                   |   | (\$268,142)                     |
| Institutional Services & ASA                | 1,007,832  |   | 1,261,896   | 11 | 25.21%                    |   | \$254,064                       |
| Assigned Student Affairs Costs              | 53,000   |   | 78,000  |    | 47.17%                    |   | \$25,000                        |
| Other Expenditures                          | 601,947  |   | 772,049   | 12 | 28.26%                    |   | \$170,102                       |
| Total Operating Expenditures                | \$23,878,602   |   | \$24,978,557  |    | 4.61%                     |   | \$1,099,955                     |
| <b>NON-OPERATING EXPENDITURES/TRANSFERS</b> |  |   |   |    |                           |   |                                 |
| Bond Debt Service                           | \$5,465,895  |   | \$5,465,895   |    | 0.00%                     |   | \$0                             |
| R&R/ Minor Cap./Public Works Projects       | 3,186,760  |   | 3,280,023   |    | 2.93%                     |   | 93,263                          |
| Other Transfers                             | 221,811  |   | 25,000  |    |                           |   | (196,811)                       |
| Transfer for capital plan support           | 1,553,532  |   | 2,563,266   | 13 | 65.00%                    |   | 1,009,734                       |
| Total Non-Operating Expenditures            | \$10,427,998   |   | \$11,334,184  |    | 8.69%                     |   | \$906,186                       |
| Total Expenditures                          | \$34,306,600   |   | \$36,312,741  |    | 5.85%                     |   | \$2,006,141                     |
| EXCESS (DEFICIT) OF REV OVER EXP            | \$ 0   |   | \$ 0  |    |                           |   | \$ 0                            |

SEE FOOTNOTES FOR EXPLANATIONS

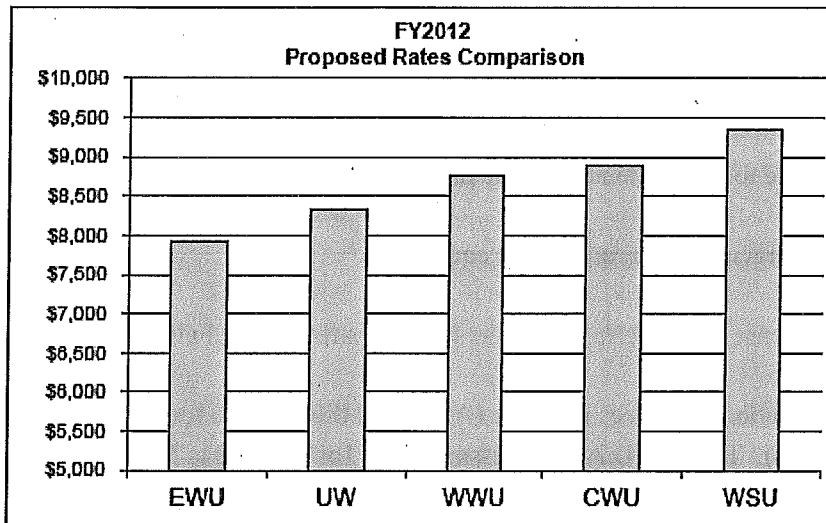
FOOTNOTES TO THE ATTACHED HOUSING & DINING SYSTEM PROPOSED BUDGET

- 1) The 2010-11 Budget, as approved by the WWU Board of Trustees April 2010, is shown to compare with the FY2012 proposed budget. After Fall opening, adjustments were made based on an analysis of opening residence hall and apartment occupancy. Those October 2010 revisions are not shown here.
- 2) Opening occupancy for Fall FY2012 is shown at 4,060, an increase of 14. The actual System occupancy for the Fall opening FY2011 was 4,046.
- 3) The 2011-12 residence hall and Birnam Wood rate increase is proposed at 4% in this pro-forma budget. The variance between that rate and the R&B revenue variance is due to changes in occupancy and meal plan purchases.
- 4) Building Fee variance due to a) FY2011's figure being based on projected income and a rate increase that did not become final until June 2010; b) A Fee increase proposed by the Viking Union which will be reviewed and acted on via a separate process in Spring Quarter.
- 5) Other Income includes: Western Card replacements, Ticket Sales, and interdepartmental support recharges.
- 6) Salary/Benefit increase due to Classified step increases, benefits increase and student staff wages tied to room & board rate increase.  
  
The Food Service line incorporates expenses for residential dining, catering, conference dining and departmental food costs. The variance shown is due to the anticipation of a board plan price increase (dining bids are currently under review), additional meal plans due to the addition of the Buchanan Towers beds, and increased voluntary meal plans.
- 8) Heat expenditures reduced due to favorable natural gas procurement climate.
- 9) Increase primarily due to emergency communications equipment.
- 10) Reduction in rental/lease expense due to terminating the leased apartments in Fall 2011.
- 11) Line item total includes institutional services recharge (ASA) and the expense for University Police Greencoats (Safety Assistants). The WWU ASA assessment rate for FY2012 is 5% vs. 4% for FY2011.
- 12) Increase in "Other" due to anticipated division/campus support transfers, and the anticipated re-programming of the System's occupancy projection program.
- 13) The "Transfer for Capital Plan Support" is an allocation representing Operating, Non-Operating and Building Fee funds to be placed into the System's Renewal & replacement Reserve Fund for planned Capital Plan projects For University Residences and the Viking Union.

**WASHINGTON PUBLIC UNIVERSITIES  
RESIDENCE HALL ROOM & BOARD PLAN COSTS  
FY2012 (as of 2/22/11)**

For a Double Room with Best-as-Possible Program & Meal Plan Comparison:

|   | EWU                            | UW                           | WWU                                 | CWU                               | WSU                               |
|---|--------------------------------|------------------------------|-------------------------------------|-----------------------------------|-----------------------------------|
|   | Gold                           | "Level 4"                    | 125 Block                           | "Large"                           | Level 2                           |
| Type of Meal Plan                       | Meals & Points                 | Declining Balance            | Meals & Points                      | Declining Balance                 | Declining Balance                 |
| Elements of the Meal Plan               | 1.5 - 5.5 meals/wk plus Points | Equivalent of 13-15 meals/wk | Approx. 12+ meals/wk + \$450 Points | Equivalent to Approx. 14 meals/wk | Equivalent to Approx. 14 meals/wk |
| What you'd see on their web page        | \$7,900                        | \$8,340                      | \$8,756                             | \$8,878                           | \$9,088                           |
| Additional Charges not part of the base | \$30                           | \$0                          | \$0                                 | \$0                               | \$254                             |
| Total Cost of a Double Room and Meals:  | \$7,930                        | \$8,340                      | \$8,756                             | \$8,878                           | \$9,342                           |
| Rate of Increase Over 2010-11           | Proposed 7.6%                  | Proposed 2.3% - 3.4%         | Proposed 4.0%                       | estimated 5.0%                    | Approved 2.7%                     |



**WESTERN WASHINGTON UNIVERSITY  
HOUSING & DINING SYSTEM**

**TEN YEAR HISTORY OF RESIDENCE HALL RATES**

| <u>ACADEMIC YEAR</u>              | <u>ACADEMIC<br/>YEAR RATE with<br/>125 BLOCK PLAN*</u> | <u>% OF<br/>CHANGE</u> |
|-----------------------------------|--|------------------------|
| 2001-02                           | \$5,354  |                        |
| 2002-03                           | \$5,648  | 5.50%                  |
| 2003-04                           | \$5,945  | 5.28%                  |
| 2004-05                           | \$6,242  | 5.00%                  |
| 2005-06                           | \$6,523  | 4.50%                  |
| 2006-07                           | \$6,784  | 4.00%                  |
| 2007-08                           | \$7,089  | 4.50%                  |
| 2008-09                           | \$7,412  | 4.50%                  |
| 2009-10                           | \$8,076 *  | 4.75%                  |
| 2010-11                           | \$8,419  | 4.25%                  |
| 2011-12:                          | <b>\$8,756</b>   | <b>4.00%</b> Proposed  |
| 10-Year Average Percentage Change |  | 4.63%                  |

\* The meal plan used for comparison changed in 2009-10 from the Gold /100 to the 125 Meal Plan

**SAMPLE ROOM & BOARD RATES and APARTMENT RENTS FOR 2011-2012**

| <u>Room &amp; Board Plans: Academic Year (@ 4% increase)</u>                           | <u>2010-11<br/>Actual</u> | <u>at 4%<br/>2011-12<br/>Proposed</u> | <u>2011-12<br/>Cost per<br/>Month</u> |
|--|---------------------------|---------------------------------------|---------------------------------------|
| Double Room with Unlimited meal plan   | \$8,749                   | \$9,099                               | \$1,011                               |
| Double Room with 125-Block meal plan   | \$8,419                   | \$8,756                               | \$973                                 |
| Double Room with 100-Block meal plan   | \$8,093                   | \$8,417                               | \$935                                 |
| Double Room w/ 75-Block meal plan  | \$7,765                   | \$8,076                               | \$897                                 |
| Triple Room with 125-Block meal plan   | \$7,327                   | \$7,620                               | \$847                                 |
| Single Room Room with 125-Block meal plan  | \$9,318                   | \$9,691                               | \$1,077                               |
| <b>Birnam Wood Apartment Rents: Academic Year (4% increase)</b>                        |                           |                                       |                                       |
| Birnam Wood: <u>Monthly</u> rate per person per bed<br>(Two bedrooms with 4 occupants) | \$308                     | \$320                                 | \$320                                 |