

UNIVERSITY OF NORTHERN BRITISH COLUMBIA

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MEMORANDUM

TO: Board of Governors

FROM: Eileen Bray, Vice-President Administration & Finance

DATE: March 13, 2013

RE: 2013/14 Ancillary Operations Budget

Ancillary Operations is comprised of the following units:

1. Parking & Security Services
2. Identification Card System
3. English Language Studies
4. Conference Services
5. Bookstore
6. Copy Services
7. Residences
8. Food Services
9. Vending
10. Continuing Studies
11. Ancillary Services Administration
12. Northern Sport Centre (NSC)

A summary budget for Parking & Security Services is attached. The budget has been prepared based on proposed parking fee increases. The proposed increases and rationale for the increases are found in the item related to the UNBC Fee Schedule 2013/14.

A summary budget for the Identification Card System is attached.

English Language Studies, previously a part of the Continuing Studies area, is currently undergoing a transition in leadership and a service delivery review. Recruitment efforts for a new leader are underway. It is expected that the new leader will develop a plan and budget for this area. As a result, a budget for 2013/14 has not been prepared for Board review at this time but will follow at a later date as part of an overall plan.

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Units #4 through #12 are part of the Ancillary Services Division, under the direction of the Director of Ancillary Services. Information for these areas is provided in the report from Aaron LeBlanc which follows this memo. Please note that the NSC operating budget was unanimously approved by the NSCL Board on March 12, 2013.

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**PARKING & SECURITY SERVICES (SELF-PROVISION OPERATION)
BUDGET SUBMISSION FOR 2013/14
FUND: 80135**

OPERATING BUDGET	2012/13	2013/14
General Operations		
Revenues	1,063,537	1,060,757
Salaries & Benefits	821,811	800,305
General Operating Expenditures	189,203	189,203
Net Operating Income / (Loss)	52,523	71,249
Net Transfers	(52,523)	(71,249)
Surplus / (Deficit)	-	-

NOTES:
Transfers:
Parking:
Transfer in from General Operating for general wage increase: \$12035
Transfer to Security to cover excess expenses over Gen Ops allocation: -\$83,529
Transfer to Parking reserve: -\$90,062
Net transfer out from Parking: -\$161,556
Security:
Transfer in from General Operating for general wage increase: \$7,128
Transfer in from Parking to cover excess expenses over Gen Ops allocation: \$83,529
Transfer to Staff PDA: -\$350
Net transfer in to Security: \$90,307
Net Transfers Out from Parking and Security: -\$71,249
 Parking revenues include proposed fee increases of 8.33% - 12.5%. A reduction in the amount received from the General Operating Fund for Security has been incorporated to reflect the decrease in the number of staff.

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**SMART CARD (SELF-PROVISION OPERATION)
BUDGET SUBMISSION FOR 2013/14
FUND: 80155**

OPERATING BUDGET	2012/13	2013/14
General Operations		
Revenues	25,000	26,000
Salaries & Benefits		
General Operating Expenditures	20,000	8,000
Net Operating Income / (Loss)	5,000	18,000
Net Transfers	(5,000)	(18,000)
Surplus / (Deficit)	-	-

NOTES:

Transfer out to Ancillary Capital Reserve: \$18,000

Based on most recent experience, operating expenses are expected to be limited. The transfer to capital is used to build a reserve to fund equipment needs such as computers and cameras; the bulk of the reserve will utilized to replace the system (software and hardware) in the next few years.

Ancillary Services Division

The Ancillary Services Division is comprised of the following units

- 1) Ancillary Central Services
- 2) Continuing Studies
- 3) Conference and Event Services
- 4) Bookstore
- 5) Vending Services
- 6) Copy Services
- 7) Food Services
- 8) Residence
- 9) Northern Sport Centre

Executive Summary

The Director of Ancillary Services started in the newly created position June, 2012. Refocusing the previously fragmented units has been the priority since that time and becoming familiar with the operations was the first critical step in this process.

Moving into 2013/14 the top priority will be leveraging the new positions to increase profits.

Unit Reviews

Ancillary Central Services

Primary Activity

Provide leadership and value added operational support for the Ancillary Division

Current Successes

- 1) Finalizing hiring and training for the following positions
 - a. Sales and Proposal Writer
 - b. Marketing and Communication Officer

Internal Synergies

- 1) Continue to work closely with Student Services to enhance student activities when needed.
- 2) Centralizing division's expense accounts will positively impact operational efficiencies and increase buying power.

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Continuing Studies (CS)

Primary Activity

Build and develop internal capacities so Continuing Studies can realize sustainable growth.

Current Successes

- 1) Ongoing review of current programming and restructuring revenue and expenses to increase profitability.
- 2) Hired Online Learning Manager who is tasked with moving CS online.
- 3) Currently developing new programming for launch in September 2013. These offerings will greatly increase CS's presence in the regions.
- 4) Investing revenue back into operations.

Internal Synergies

- 1) CS continues to provide discounted internal training and development, for UNBC staff, through the Human Resource Department
- 2) CS continues to provide student work experience opportunities

Conference and Event Services (CES)

Primary Activity

Build and develop internal capacities so this unit can realize sustainable growth while providing essential services for the UNBC community.

Current Successes

- 1) Highly skilled team is getting resources that will allow the unit to increase external business.
- 2) Hosting 2013 Elders Gathering

Internal Synergies

- 1) CES continues to provide the following services for internal clients
 - a. Student Room Bookings
 - b. Ad-Hoc and Supplemental Instructional Bookings
 - c. Internal Department/Program Bookings
 - d. Provides student work experience opportunities

Residence

Primary Activity

Maintain current infrastructure while developing a plan for improvement and growth. Currently this unit is developing a Residence Preventative Maintenance & Suite Rejuvenation Plan that that will span 2013 and beyond. Initial steps have been identified and will be discussed below.

Current Successes

- 1) 2013 will see the construction of two demo suites that will be showcased starting September 2013. Taking this approach will allow for the following critical tasks in 2013/14;
 - a. An opportunity for feedback from students and guests
 - b. Trial a variety of furniture options
 - c. Obtain an accurate project budget, and timeline, based on the construction of each suite.

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Internal Synergies

- 1) Manager provides leadership for Residence Life Coordinators
- 2) Residence budget covers Student Life Coordinator base salary
- 3) Provides student work experience opportunities

Retail Services

Primary Activity

Provide management with the tools and resources to diversify revenue streams in 2013/14 which will include opening new retail channels.

Current Successes

- 1) Positioning Print Services to increase internal and external offerings for 2013/14.

Food Services (Eurest)

Primary Activity

Extending the current Food Service agreement has allowed for an inclusive RFP development process. Progress can be followed at <http://blogs.unbc.ca/foodservices-rfp/>

Current Successes

- 1) Released new streamlined catering menu.

Charles Jago Northern Sport Centre

Primary Activity

Diversifying the NSC revenue stream in 2013/14 will be a primary focus for management.

Current Successes

- 1) Membership is growing
- 2) Adding new positions that will allow for expanded programming options with a regional focus.
- 3) The NSC has stabilized its revenue base and can focus on providing increased student and staff services that promote health and wellness.

Internal Synergies

- 1) Hosted a UNBC staff kickball championship on February 15th, 2013. The event was well received by staff with 76 staff participating.
- 2) The NSC continues to provide extensive support for UNBC Athletics and Recreation
- 3) Provides student work experience opportunities

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Financial Summary and 2013/14 Budget

		Actual	Projected	Proposed Budget	
		2011/12	2012/13	2013/14	Notes
Revenue	Ancillary Central	-	100,000	527,650	Note 1
	Continuing Studies	525,306	1,141,278	1,600,000	Note 2
	Conference and Events	288,398	234,151	454,585	Note 3
	Bookstore	2,634,855	2,521,635	2,572,200	Note 4
	Vending	9,979	12,200	15,000	
	Copy Services	478,159	431,360	513,900	Note 5
	Food Services	68,609	61,352	75,000	Note 6
	Residence	2,503,030	2,520,263	2,468,423	Note 7
SUBTOTAL REVENUES		6,508,336	7,022,239	8,226,758	
Salaries	Ancillary Central	-	111,903	312,018	Note 8
	Continuing Studies	226,804	338,931	443,475	
	Conference and Events	140,079	128,560	227,365	
	Bookstore	523,141	527,680	500,026	
	Vending	-	-	-	
	Copy Services	-	-	-	
	Food Services	-	-	-	
	Residence	304,697	409,128	507,527	
SUBTOTAL SALARIES & BENEFITS		1,194,721	1,516,202	1,990,411	
Expenses	Ancillary Central	-	8,771	215,632	
	Continuing Studies	246,752	711,589	1,127,450	
	Conference and Events	182,969	143,203	226,452	
	Bookstore	2,064,018	1,942,196	1,994,750	
	Vending	9,979	79	300	
	Copy Services	583,064	473,917	490,300	
	Food Services	27,648	42,250	40,000	
	Residence	2,319,526	2,174,896	2,311,465	Note 9
	Ancillary Transfer to UNBC Central			150,000	Note 10
SUBTOTAL EXPENSES		5,433,956	5,496,901	6,556,349	
Unit Balances	Ancillary Central	-	(20,674)	-	
	Continuing Studies	51,750	90,758	29,075	Note 11
	Conference and Events	(34,650)	(37,612)	768	
	Bookstore	47,696	51,759	77,424	Note 12
	Vending	-	12,121	14,700	
	Copy Services	(104,905)	(42,557)	23,600	
	Food Services	40,961	19,102	35,000	
	Residence	(121,193)	(63,761)	(350,569)	Note 13
Total all Units		(120,341)	9,136	(320,002)	
Net Profit		-1.85%	0.13%	-3.89%	
Total all Units (Excluding Residence)		852	72,897	30,567	Note 14
Net Profit (Excluding Residence)		0.01%	1.04%	0.37%	

	Year-end 2011/12			Projected Year-end 2012/13		
	Revenue	Expenses	Balance	Revenue	Expenses	Balance
Northern Sport Centre*	1,785,251	1,763,677	21,574	2,071,960	1,845,971	225,989

* The NSC is not part of the UNBC reserve therefore financials have been separated.

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Notes - Financial Summary and 2013/14 Budget

Note 1 (Ancillary Revenue)

Services are comprised of transfers from Ancillary Service units.

Note 2 (CS Revenue)

170K of 2011/12 revenue was realized in fiscal 2012/13 despite all expenses being realized in 2011/12. If revenues were adjusted for each year the totals would be 695,306 and 971,278 respectively.

Note 3 (CES Revenue)

Primary source of increased revenue is through new internal and external business.

Note 4 (Bookstore Revenue)

2013/14 will be used to reposition bookstore thus flat revenues are expected.

Note 5 (Copy Services Revenue)

Ancillary Services will be adopting a policy keeping all print jobs internal.

Note 6 (Food Services Revenue)

2013/14 already has several large events on the books and as a result Food Services will realize an improvement in sales.

Note 7 (Residence Revenue)

The construction of 2 demo suites will result in a decrease in revenue because these suites will not be available for rent in 2013/14.

Note 8 (Ancillary Salaries)

The impact of the new positions on the bottom line is an investment for 2013/14. As of March 2013 the Director is currently filling the new positions and their net impact will not be fully realized until 2014/15. The biggest investment is in Continuing Studies where the Online Learning Manager's salary and benefits (85K) has been realized however there are no revenues that can be expected until 2014/15 fiscal year.

Note 9 (Residence Expenses)

Residence will need funds to address general building repairs. The biggest expense is the construction of 2 demo suites used for developing the Residence Preventative Maintenance & Suite Rejuvenation Plan.

Note 10 (Ancillary Transfer)

The 2013/14 Ancillary Expenses include a \$150K commitment to the UNBC Central Operating Budget.

Note 11 (CS Unit Balance)

See Note 8. CS is also investing 50K in a mobile lab that will be used in the regions. The culmination of these investments results in a 135K net decline in 2013/14 because these investments will be covered by operations.

Note 12 (Bookstore Unit Balance)

Streamlining services and moving positions to seasonal is the primary reason for in improvement in bottom line.

Note 13 (Residence Unit Balance)

Vacant positions in 2012/13 resulted in an improved bottom line. These positions are not vacant in 2013/14.

Note 14 (Total all Units Excluding Residence)

It is important to look at the overall net return excluding residence. The financing structure in residence severely impacts the unit's ability to generate cash flow.