

Proposed Fees for 2009-10 Housing and Residential Education

Overview:

Student housing, by CSU policy, is required to be a financially self sustaining. As a result, Housing and Residential Education (HRE) must collect enough revenue to cover all expenses that are related to the operation, including all staffing, maintenance, repairs, programs, utilities, bonds, etc. as well as funds to be placed in a mandated reserve for debt coverage and major maintenance and repairs.

One goal of Housing and Residential Education is to provide a safe, vibrant living and learning environment for students. This can only be achieved with the proper resources in place. The following fees have been developed to insure effective operation of CSUCI's comprehensive student housing program and to satisfy all financial obligations.

Three key factors which inform rate development for 2009-09 are:

- In 2008-09, student housing is 100% full. This very happy news comes one year earlier than anticipated and raises the need for us to triple many rooms in Santa Cruz Village and double some rooms in Anacapa Village in 2009-10 to accommodate the anticipated demand. This increase in occupancy will increase our operational costs and require a rental rebate system for students who live in these configurations. Presently, we expect that we'll triple 100 students in Santa Cruz Village, and place 25 students in double accommodations in Anacapa.
- We are in the proposal development stage for Phase III housing, Santa Rosa Village. The market and feasibility study for this project indicates that our rates will need to increase at the rate of about 10% per year in order to meet the financial demands of developing and managing these new facilities.
- While housing revenue demands are increasing, revenue demands for resident meal plans are decreasing. This is primarily due to the increase in campus catering and Summer Conference programs. As a result, we are able to offer a slight decrease in meal plan rates for Santa Cruz Village so that the overall net increase is lower.

Proposal: Create financially viable room and board rates to satisfy the operating expenses, the debt service, and mandated reserve funds for student housing. We are also obligated under contract for a certain amount of meal plan revenue to make food service available at CSUCI and viable for Sodexo, our food service vendor

Village	Room Type	2007/2008			2008/2009			2009/2010		
		Room	Board	Total	Room	Board	Total	Room	Board	Total
Anacapa	single	8,100	1,200	9,300	8,600	1,100	9,700	9,550	1,000	10,550
	double/double	7,000	2,800	9,800	7,300	2,900	10,200	8,180	2,600	10,780
Santa Cruz	single/double	7,250	2,900	10,150	7,600	2,900	10,500	8,590	2,600	11,190
	single	7,500	2,900	10,400	8,000	2,900	10,900	9,040	2,600	11,640

Rate Rebates:

Since occupancy projections for 2009-10 exceed capacity, we will need to triple some double rooms in Santa Cruz Village and double some single rooms in Anacapa Village. To compensate for this, students who are in these accommodations will receive rate rebates on a monthly basis as long as they are in these accommodations according to the rebate schedule shown below:

Village	Room Type	Monthly Rebate
Anacapa	double	\$50
Santa Cruz	triple	\$100

Housing and Residential Education Budget Projections:

Pro Forma	0	1	2
	2007/2008	2008/2009	2009/2010
Total Bed Supply (includes RA's)	803	803	803
Revenue			
Student Residence Hall Fee	\$4,139,048	\$5,886,664	\$7,152,893
Summer Rentals	\$300,000	\$220,000	\$242,000
Total Revenue	\$4,509,000	\$6,246,804	\$7,394,893
Expenses			
Personnel			
Salaries & Benefits	\$912,000	\$964,000	\$993,000
Operating Expenses			
Utilities	\$820,000	\$871,000	\$897,000
Chancellor's Office OH	\$28,000	\$30,000	\$30,000
Other Expenses	\$737,000	\$783,000	\$806,000
Total Expenses	\$2,497,000	\$2,648,000	\$2,726,000
Net Operating Income	\$1,942,048	\$3,458,664	\$4,668,893
Debt Service			
Total Existing Debt Service	\$1,736,000	\$3,131,000	\$3,289,000
New Debt Service	\$0	\$0	\$0
Debt Coverage Ratio	1.12	1.10	1.42
Capital Funds & Transfers			
R&R Transfer	\$80,000	\$80,000	\$115,000
Total Transfers	\$80,000	\$80,000	\$115,000
Total Cash Flow			
Cash Flow after Expenditures	\$126,048	\$247,664	\$1,264,893

Q and A:

The following questions and answers have been compiled to assist you as you consider this proposal. If you have any further questions, please feel free to contact the Housing and Residential Education office at ext. 2733 or inquire at the Fee Committee meeting.

Why the increase in room rates at all when we're full?

There are three reasons why we need to increase room rates:

- 1) In 2007-08 and 2008-09 we did not generate enough revenue to meet all financial obligations, most specifically, maintaining system requirements for debt coverage ratio. In addition, with the aging of Anacapa Village in particular, more expenses will be incurred in the day to day operation for maintenance, and we'll need to undertake major maintenance and repair which could include painting, refreshing grounds, flooring, furniture, and other items which need to be replaced and updated on a cyclical basis.
- 2) New expenses will be incurred to support the influx of additional students. In both Villages, additional furniture will need to be purchased to accommodate the increased occupancy, and additional staffing will be needed to support the increase in student population.
- 3) The feasibility study completed in preparation for Santa Rosa Village development reveals two important issues which need to be addressed as we consider rates for 2009-10 and beyond. One is that we do not have a sufficient "single premium" built into our current rate structure, meaning that our current rates reflect a very low differential between the cost of a shared room and the cost of a private room. The second is that our student housing rates must increase by a projected 38% between now and the opening of Phase III, tentatively scheduled for 2012-13 to achieve the rate demands for that year.

Why is the meal plan decreasing?

We have an agreement with our food service provider, Sodexo, to deliver a certain amount of revenue each year. This revenue guarantee is needed so that Sodexo may provide CSUCI with a comprehensive food service operation for daily residential meals and other campus food needs. We have accomplished this through catering, as well as servicing clients who use the campus facilities during the Summer months when student occupancy is very low. As the result of increased conference and catering activity on campus, we are able to lower the meal plan requirement for our students while still meeting our contractual obligation to Sodexo.

What are the responsibilities to the University for usage fees?

Student housing is a self support entity on campus. This means that student housing may not receive any services that are financed through general fund monies. If it does, student housing has an obligation to reimburse the University for services rendered.

With the continued growth of our resident student population, the demand for support from other University offices increases. Campus partners who are impacted most directly and significantly are Cash Services, University Police, Information Technology and Operations, Planning and Construction. We have cost recovery arrangements established with each of these offices.

How do our rates compare with other CSUs?

Student housing development is financed within the CSU through the sale of revenue bonds. Since CSUCI's housing facilities are very new in relation to other CSU housing facilities, our bond payments are significantly higher per bed than our sister campuses. The upside of this, of course, is that we can boast some of the very best facilities in the system! The challenge, however, is that the repayment of these bonds is the single highest expense to CI's student housing program – it is higher than all other expenses combined. While many of the other CSU housing programs have less expensive rates, this is true because other campuses have a much lower debt to bedspace ratio. In addition, the larger resident population of other campuses assists in distributing lower debt costs across a larger population of students.