

**U of T Mississauga  
Food Service Ancillary  
Operating Plan 2012-13**

**Management Report**

**(a) Overview of Objectives, Issues and Services**

**Objectives**

- To serve a variety of quality products in well maintained, relaxing and engaging food service outlets at prices which provide value to customers.
- To cover both direct and indirect costs and provide for the renewal of capital equipment.
- To maintain an operating reserve equal to ten percent of total annual expenses net of capital renewal and cost of sales.
- To operate a financially viable ancillary.
- To reduce the overall campus food service capacity shortfall by planning and developing new conveniently located, engaging and efficient food service spaces which are in keeping with the quality of new buildings on the UTM campus.
- Having attained the above objectives, provide net contributions to the College operating budget.

**Background, Issues and Service**

Food Service is currently provided through:

1. Spigel Hall
  - Pita Pit, Fresh Grille, The International Kitchen, Noodle Bowl, East of 60, Campbell's Soup station, various Grab and Go Items
2. The Davis Building Meeting Place
  - Tim Horton's full service outlet, Pizza Pizza, Mr. Sub kiosk, Second Cup kiosk
3. The Davis Building Meeting Place - On The Go Outlet
  - Booster Juice, a selection of Convenience Items
4. North Building Cafeteria
  - Coyote Jacks, Pita Pit, Tim Horton's kiosk , Mr. Sub kiosk

5. The Circuit Break Café in the CCT Building
6. Starbucks Café located in the Hazel McCallion Academic Learning Centre
7. The Instructional Centre Café and Lounge
  - Second Cup, Panini Fresca, Campbell's Soup station, various Grab and Go Items
8. The multi-concept Colman Commons Dining Hall located in Oscar Peterson Hall
9. An arrangement enabling residence students to purchase Pizza for Delivery using their UTM resident student meal plan
10. An arrangement enabling residence students to purchase meals at Sheridan College using their UTM resident student meal plan
11. An arrangement enabling resident students to purchase meals at The Blind Duck Pub in the Student Centre operated by the University of Toronto Mississauga Students Union

**The highlights for the 2011-12 year include:**

- Commencement of the 3-year plan to comply with the University-Wide Bottled Water Ban.
- Implementation of the new 7-year contract with Canteen Vending
- Integration of Chartwells' new unit level management team with the previous General Manager now working as the District Manager for the UTM account.
- Opening of the Café and Lounge in the Instructional Building in July 2011.
- Commencement of the planning process for the expansion of food service on campus.
  - Analysis of the results from the over 2,300 responses to the March 2011 on-line food service survey in planning for the Meeting Place Renovation/Davis Building redevelopment.
  - Development of food service plans for the North Building renovated space and the Kaneff addition.

**(b) 2011-12 Forecast**

The 2011-12 forecasted year-end statement shows a positive operating result of \$34,681. Although revenue for 2011-12 is forecasted to increase in excess of 14% from last year, several factors have led to the net operating result forecasting to be \$94,936 lower than originally budgeted, most notably the expenses relating to the building and implementation of the Instructional Centre

Cafe and Lounge falling in Fiscal 2011-12 as opposed to Fiscal 2010-11 as originally planned.

**Forecasted total food and beverage revenue** is expected to exceed budget by \$1,133,132 as a result of:

- A higher number of Residence Student Meal Plans – at this point in 2010-11, there were 1,220 Residence Student Meal Plan holders, whereas, this year, there are 1,260.
- Resident students purchasing, on average, higher valued meal plans – specifically, returning students are seeing the value in the full meal plan and are selecting this option over a partial meal plan.
- Higher than expected same store sales 2011-12 – the opening of the Instructional Centre Café and Lounge has not cannibalized sales from the other outlets and is performing better than budgeted.

**Forecasted total cost of sales and service** is \$998,704 higher than budget as a direct result of the increase in the realized revenues.

**Forecasted total direct expenditures** are expected to be \$229,364 higher than budget primarily due to:

- **Supplies Expense** being \$13,548 higher than budget primarily as a result of the expenses related to the purchase and distribution of free re-useable water bottles in support of the elimination of bottled water on campus.
- **Major Maintenance Expense** being \$341,729 higher than budget as a result of Construction Costs from the Instructional Centre Cafe and Lounge that fell into fiscal year 2011-12.
- **Replacement of Non-Depreciable Assets Expense** being \$101,839 higher than budget as a result of:
  - The replacement of aging equipment in Spigel Kitchen, Spigel servery, the Meeting Place and Colman Commons.
  - The purchase of equipment for Catering.
  - The timing of some Instructional Centre Café equipment falling in this fiscal year.
- **Other Costs** being \$107,111 lower than initially budgeted as a result of the costs savings associated with the Blackboard Transaction Server Upgrade. UTM's Blackboard upgrade has enabled the hosting of St. George Meal Plans. As a result, the overall cost was shared with St. George. This project also received one time funding for implementation.

Additionally, as indicated above, the forecasted operating result before transfers is a surplus of \$34,681 and the forecasted closing total fund balance is a positive \$857,756 at the end of 2011-12.

Finally, a New Construction Reserve is being created in the value of the amount that would normally have been held in the Unrestricted Surplus line. This New

Construction Reserve is forecasted to be \$589,207 and will be utilized in the planned development of Food Service infrastructure additions and upgrades.

**(c) 2012-13 Budget**

The budget for 2012-13 year shows the total food and beverage revenue increasing by 1.2% (when compared to forecasted 2011-12 amounts), total direct expenses increasing by approximately 6.3% (when compared to forecasted 2011-12 amounts), and the operating results before transfers is deficit of \$33,618.

**The total revenue for 2012-13** is budget to be \$8,847,319 – only a slight increase of \$105,201 from the forecasted revenue for 2011-12. The conservative increase in sales is primarily due to:

- **Meal plan revenue decrease of 0.9%:**
  - Conservative estimate in total number of meal plans sold based on historical averages.
  - Only slight increase in meal plan rates (weighted average increase of 3.1% - The Group A Regular and Light Plans are the most popular plans).

Group A:

Minimum	Basic increase of \$50	Flex increase of \$50	Total 2.6%
Light	Basic increase of \$29	Flex increase of \$25	Total 1.4%
Regular	Basic increase of \$54	Flex increase of \$50	Total 2.6%
Plus	Basic increase of \$24	Flex increase of \$100	Total 2.9%

Group B:

Minimum	Basic increase of \$24	Flex increase of \$50	Total 4.3%
Light	Basic increase of \$50	Flex increase of \$50	Total 5.0%
Regular	Basic increase of \$50	Flex increase of \$50	Total 4.6%

**UTM Meal Plans continue to benchmark exceptionally well against peer institutions:**

- UTM Group A meal plan average is ranked 7<sup>th</sup> out of 13 Ontario peer institutions.
- UTM Group B meal plan average is ranked 2<sup>nd</sup> out of 4 Ontario peer institutions that offer a partial meal plan.
- UTM overall average meal plan is the second lowest of 13 peer institutions when factoring in the group A and Group B meal plans together.
- **Cafeteria sales increase of 2.6%:**
  - Inflationary price increases – targeting a weighted average 3% increase to prices.

- Conservative estimates of the effect of the loss of North Building food service capacity and the offsetting additional capacity proposed for the Meeting Place.
- Higher incidence of purchase related to enrollment increases for the fall of 2012.

Regarding **cost of sales and service**, the total cost of sales and service expense increases to \$7,263,796. This expense increase is as a direct result of the increase in sales identified earlier.

The **total direct expenditures** are forecasted at \$1,552,324 due to the following factors:

- **Salary and Wages Expense** increases to \$459,853 due to the planned additions of full-time members to the Hospitality and Retail Services team
- **Major Maintenance Expense** remains higher than in the past due to the proposed temporary additions of food service capacity in the Meeting Place and the proposed temporary food service plan for the North Building to maintain some level of service during the North Building renovation.
- **Other operating expenses** increase as a result of:
  - continued consultancy costs associated with the planning activities related to the redevelopment of the Davis Building food services
  - additional consultancy costs associated with the planning activities related to the addition of food service capacity in the Kaneff Building and the renovated North Building
  - additional utilities and rental expenses relating to the provision of food service capacity for the North Building during its renovation

The operating result before transfers is budgeted to be a deficit of \$33,618 and the closing total fund balance will be a positive \$824,138 at the end of 2012-13.

The New Construction Reserve is budgeted to be \$625,756 at the end of 2012-13.

#### **(d) Categories of Users and Accessibility**

Food Services are available and used by faculty, staff, students and visitors. In addition to the locations noted above, vending machines are available in most buildings. Hours of operation vary but facilities are open from 7:30 am to 11:00 pm. Hours are extended to 3:00 am most days, through an arrangement with an off campus partner, for resident student meal plan customers looking to purchase pizza when the UTM facilities are closed.