

**U of T Mississauga
Food Service Ancillary
Operating Plan 2012-13 and 2013-14**

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. The Davis Building Meeting Place
 - Tim Horton's full service outlet, Subway kiosk, Second Cup kiosk
2. The Davis Building Temporary Food Court
 - Tim Horton's Express kiosk, Booster Juice, Pizza Pizza, Tandoori, International Kitchen, Elements, Quick Cuisine, various Grab and Go items
3. North Building Tim Horton's kiosk
4. The Circuit Break Café in the CCT Building

5. Starbucks Café located in the Hazel McCallion Academic Learning Centre
6. The Instructional Centre Café and Lounge
 - Second Cup, Panini Fresca, various Grab and Go items
7. The multi-concept Colman Commons Dining Hall located in Oscar Peterson Hall
8. Mike's Dog House
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 2012-13 year include:

- The elimination of all bottled water on campus, with the exception of Tim Horton's in the Davis Building, in year 2 of the 3-year plan to comply with the University-Wide Bottled Water Ban.
- The expansion of the Chartwells' management team at the UTM.
- The opening of the full service Tim Horton's in the Davis Building Meeting Place.
- The opening of the Subway kiosk in the Davis Building Meeting Place.
- The opening of the self-serve Tim Horton's Express in the old Library space of the Davis Building.
- The opening of a 6-concept food court in the old Library space of the Davis Building; the Temporary Food Court (TFC).
- The development of a comprehensive design for the food service operation to be located in the redeveloped North Building.
- The continuation of the planning process for the expansion of food service on campus.
 - Development of food service plans for the Kaneff addition, the Colman Commons expansion, and the Spigel Kitchen/Commissary renovation

(b) 2012-13 Forecast

The 2012-13 forecasted year-end statement shows an operating result of \$35,330, which is \$68,948 higher than the budgeted operating deficit of \$33,618. Given, the Total Direct Expense figure is at budgeted levels, the positive operating result is primarily due to increased revenue.

Forecasted total food and beverage revenue is expected to slightly exceed budget by \$56,577 as a result of:

- A higher proportion of Residence Students selecting Group A Meal Plans – at this point in 2011-12, 62.0% of Residence Students selected Group A Meal Plans, while this year, 65.6% of Residence Students have selected Group A Meal Plans.
- Forecasted Catering Sales will be lower than budget due to the loss of function space as a result of an earlier than planned closure of Spigel Hall.
- Forecasted Vending Sales will be lower than expected for several reasons:
 - the inability to relocate the vending machines from the closed North Building cafeteria;
 - increased food service operating hours in the Davis Building;
 - lower than expected revenue from the six new vending machines placed in the Instructional Building.

Forecasted total cost of sales and service is \$12,033 lower than budget.

Forecasted total direct expenditures are expected to be \$338 lower than budget although there are some variances by expense category. Notable expense variance are:

- **Salaries, Wages and Benefits** is forecasted to be \$95,733 lower than budget as a result of a delay in hiring a full time position in the department and the utilization of fewer casual employees.
- **Non-depreciable assets** is forecasted to be \$83,722 higher than budget, largely as a result of higher than expected investments in equipment for the Temporary Food Court. When the 2012-13 budget was prepared, the food service operating plan for the Davis Building was:
 - To maintain Spigel Hall as a food service outlet.
 - To close Mr. Sub and replace it with a Subway in roughly the same location.
 - To renovate the full service Tim Hortons.
 - To maintain the Booster Juice and On the Go in its existing location.
 - To establish a small servery in the area adjacent to the full service Tim Hortons, and Subway.

Consequently, the equipment costs for a smaller version of a food court were included in our original 2012-13 budget.

As indicated above, the forecasted operating result before transfers is \$35,330 and the forecasted closing total fund balance is \$994,100 at the end of 2012-13.

(c) 2013-14 Budget

The budget for 2013-14 shows the total food and beverage revenue increasing by 6.0% (when compared to forecasted 2012-13 forecasted amounts), total direct expenses decreasing by approximately 6.0% (when compared to forecasted

2012-13 amounts) primarily due to the absence of construction projects schedule for this fiscal year, and the operating results before transfers is \$161,839.

The total revenue for 2013-14 is forecasted to be \$9,442,111 – an increase of \$538,215 from the forecasted revenue for 2012-13. The increase in sales is primarily due to:

➤ **Meal plan revenue increase of 4.0%:**

- Based on the two-year average of total number of plans.
- A conservative distribution of plans.
- Only slight increase in meal plan rates (approximate weighted average increase of 2.5% - The Group A Regular and Light Plans are the most popular plans).

Group A:	
Minimum	Increase of 2.5%
Light	Increase of 2.6%
Regular	Increase of 2.4%
Plus	Increase of 2.3%

Group B:	
Minimum	Increase of 4.5%
Light	Increase of 2.6%
Regular	Increase of 2.8%

UTM Meal Plans Continue to benchmark exceptionally well against peer institutions:

- UTM Group A meal plan average is ranked 6th out of 14 Ontario peer institutions.
- UTM Group B meal plan average is ranked 3rd out of 4 Ontario peer institutions that offer a partial meal plan.
- UTM overall average meal plan continues to be the second lowest of 14 peer institutions when factoring in the Group A and Group B meal plans together.

➤ **Cafeteria sales increase of 9.2%:**

- Inflationary price increases – anticipating a weighted average 3% increase to prices.
- Higher incidence of purchase related to an approximate non-residence FTE enrollment increase for the fall of 2013.

Regarding **cost of sales**, the total cost of sales is forecasted to increase in 2013-14 to \$7,750,625. This expense increase is as a direct result of the increase in sales identified earlier.

The **total direct expenditures** are forecasted to decrease to \$1,460,064 due primarily to the decrease in Major Maintenance Expenses.

The **operating result before transfers** is forecasted to be a positive \$161,839 and, the closing total fund balance is also forecasted to be a positive \$1,155,939 at the end of 2013-14.

(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.