University of Toronto at Mississauga
Food Services
Operating Plan 2003-4 to 2008-9

Issues and Executive Summary

Issues

- Request for Proposals issued December 2003 due to expansion plans and related significant change in operations

- Expansion plans include CCIT (2004), Residence Dining Hall and Meal Plan (2006) and Library (2006), however, the financial plan is based on current operations with no assumed increase in revenues for these outlets

- Space is currently insufficient, poorly located and squeezed by other needs and uses (study space, prayer space). This situation results in much lower revenues than should be generated by Food Services at UTM.

2003-4 Operating plan and experience

Total revenue is expected to be approximately $259,000 more than the original budget. This is due to (1) a conservative approach to the budget, (2) higher than expected enrolment, (3) the introduction of Pita Pit and Williams Coffee Pub and (4) the renovation of Tim Horton's which allows improved throughput of customers. Higher sales in the cash operations are somewhat offset by a poor year in catering, due to the summer season being significantly affected by SARS.

Total expenses will be approximately $329,000 more than budget. This is due to (1) the cost of sales which is a direct offset to the sales revenue, (2) the replacement of furniture in Spigel Hall (approximately $40,000 more than budget), and the need to replace a walk-in freezer (approximately $23,000). The operating result before commitments is $70,000 lower than budget due to the furniture and freezer expenditures. The commitment to capital renewal is being drawn down to reflect the partial use of the reserve for the furniture and freezer. The increase to the operating reserve reflects the establishment of this reserve at 10% of expenses other than cost of goods sold and capital renewal. The operating result after commitments is a loss of $165,000 again due to the furniture and freezer expenditures.

Schedule 2 shows the capital renewal reserve balance drawn down to zero and the operating reserve at $23,800. The closing balance in the surplus will be a small deficit of $3,172 and the total fund balance, will be a positive $20,630.

2004-5 Budget

Sales are expected to increase due to enrolment increases, a full year's operation of Williams Coffee Pub, and an improved summer for catering. Total revenue will be about $282,000 higher than 2003-4.

Salaries, wages and benefits expense will increase as the Food Service Coordinator will be here for an entire year. Equipment repairs expense will be slightly lower than 2003-4 as we expect fewer dishwasher repairs with the new dishwasher in Spigel Hall. There are no expenditures planned for replacement of non-depreciable equipment. The expected operating result before commitments is $21,599. The capital renewal reserve will be replenished at a rate of $20,000 annually. The operating result after commitments is basically a breakeven position.

Schedule 2 shows the capital renewal reserve increased to $20,000 and operating reserve as $24,666 by the end of 2004-5. The surplus balance will be a small deficit of $2,438, however, the total fund balance will be $42,229.