

**University of Toronto at Mississauga
Food Services
Operating Plan 2002-3 to 2006-7**

Management Report

(a) Overview of Mission, Programs and Services

Objectives

- To provide quality products at reasonable prices with courteous and efficient service in pleasant and clean facilities
- To cover both direct and indirect costs and provide for the renewal of capital equipment
- To maintain a surplus sufficient to provide for a major shutdown of operations or a major equipment failure

Service

Food Services are provided through Spigel Hall cafeteria, Tim Horton's, Pizza Pizza and the Faculty Club in the South Building, The Blind Duck Pub in the Student Centre, and Panzerotto Pizza & Wing Machine in the North Building. Although the campus has begun its enrolment expansion (by 60% by 2007-8), during the 2002-3 year, there was little expansion of Food Services. The Blind Duck Pub has expanded hours of operation to include a morning breakfast selection, however, this program is not part of UTM Food Service operations. The need for expansion of Food Services in the face of increased enrolment is apparent. Currently one new outlet is planned for the new CCIT building (opening September 2004) and the proposed Phase 8 in Residence (planned to open September 2005) which includes a dining hall. In the meantime, adequate service will be challenging given space constraints. Expansion of service hours can be implemented fairly easily. The larger challenge is in servicing at peak times. As with the Parking ancillary, current resources cannot provide proper service given the traditional traffic patterns on campus. Smoothing class scheduling can provide much relief and allow better servicing of customers. As well, we will be working on other, temporary measures which might be used to help alleviate long waits for food on campus over the next few years.

(b) 2002-3 Operating plan and experience

Total revenue is expected to be approximately \$41,100 more than the original budget. This is mainly due to catering sales which reflect the conference ancillary's successful attempt at building back business after losing some business in 2001-2. As well, cafeteria sales are up slightly reflecting increased demand from increased enrolment. Vending sales have increased from 2001-2,

though they are less than budget. This is due to an overly optimistic budget which was struck before vending sales patterns could be thoroughly assessed.

Cafeteria and catering recoveries (i.e. commissions paid to UTM from the food service providers) are expected to be approximately \$9,900 lower than budget which was incorrectly estimated when it was prepared last year. Vending recoveries are expected to be approximately \$8,400 higher than budget. This does not mirror the lower than budget vending sales as commissions are dependent on meeting minimum sales levels (as per a tri-campus agreement) and the resulting adjustment is not made until the following year. This can result in variations in the relationship between sales and commissions each year.

Total expenses will be approximately \$41,800 more than budget. This is mainly due to cafeteria and catering costs which reflect the higher sales. Operating results before commitments are very close to budget, at a surplus of \$35,875 versus a budget of \$36,000. The increase in commitment to capital renewal is a result of the new University requirement to set aside an amount equal to the average of the last 5 years' capital renewal expenses. As well, the University now requires the ancillary to set aside an operating reserve equal to 50% of expenses less cafeteria & catering and vending costs and capital renewal expenses. These two requirements result in operating results after commitments of (\$836,331).

Schedule 2 shows that the ancillary will contribute \$25,000 to the College operating fund according to plan. This will be the last year of these contributions as any future excess will be required to service the growth expected over the next 5 years. The closing balance in the surplus is projected at (\$668,300). The total fund balance, however, is forecast at \$203,900, which should be adequate to provide for any unforeseen issues that could arise.

(c) 2003-4 Budget

Cafeteria sales are budgeted at a 3% increase over 2002-3. Although the enrolment increase is expected to be closer to 10%, food service sales will probably not increase as much because new outlets will not be introduced and current outlets are mostly at capacity. Catering sales are expected to decrease by about \$33,000, due to the absence of a one time only customer in 2002-3. Investment income will be reduced as there will be a large expenditure on furniture which is discussed below. Total revenue will be about \$5,200 higher than 2002-3.

Expenses are expected to generally increase by 2%. A large expense (approximately \$100,000) will be incurred to replace tables and chairs in Spigel Hall. This furniture is currently in poor shape and consists of a large variation of different tables and chairs. The replacement of furniture is the first step toward revitalizing this large food service area. Depending on more detailed growth plans and funding, other aspects of Spigel Hall, such as paint, lighting and

flooring may also be updated. Salaries, wages and benefits expense will be introduced for the first time for this ancillary. This reflects the plan to hire a Manager of Food Services & Retail Operations to deal with growth plans in these areas and to improve all aspects of these areas on a continual basis. A portion of the related compensation costs will be charged to Food Services. Total expenses will increase by \$166,200, mainly due to the furniture and salaries costs. The expected operating result before commitments is (\$125,000). The requirements for capital renewal and operating reserves result in an operating result after commitments of (\$139,300).

Schedule 2 shows the total amount set aside for capital renewal and operating reserve as \$886,500 by the end of 2003-4. The Surplus balance will be a deficit of \$807,600, however, the total fund balance will be \$78,800 which could provide some cushion for emergencies.

(d) Categories of Users and Accessibility

Food services are available and used by students, employees and visitors. Locations include Spigel Hall, Tim Horton's, Pizza Pizza and the Faculty Club in the South Building, Panzerotto Pizza and Wing Machine in the North Building, and the Blind Duck Pub in the Student Centre. As well, vending machines are available in all buildings. Hours of operation vary but facilities are open from 8:00 am to 10:00 pm.

(e) Long Range Plan: 2003-4 to 2006-7

Although there are expansion plans underway for the long range planning period, the financial statements do not reflect additional sales or expenses for any new outlets because plans have not yet been finalized and sales and expense estimates are not yet estimable. Cafeteria and vending sales are budgeted to increase by 3% during the long range planning period. In general, all other revenues and expenses are budgeted to increase by about 2% per year from 2004-5 to 2007-8, except for salaries which are budgeted at 3% increase during the period. It is most probable that both revenues and expenses will exceed these estimates as the campus grows, especially once new outlets are operational.

The net operating result before commitments will generally be a breakeven position from 2004-5 to 2007-8.

The commitments will grow to \$989,300 in 2007-8, while the surplus is reduced to a total deficit of \$880,300 by 2007-8. The total fund balance will grow to \$81,900.

(f) Capital initiatives, planning and funding

Schedule 5 outlines the ancillary's projected capital expenditures over the next five years. The purchase of a new dishwasher for Spigel Hall (hopefully in 2002-

3) reflects the need to update the current dishwasher which is becoming obsolete.

The ancillary does not benefit from any operating fund subsidies and there is no deferred maintenance.

Operating Statement

2001-2 to 2007-8

in \$'s

	2001-2	2002-3			2003-4	2004-5	2005-6	2006-7	2007-8	
		Original	2002-3	Variance						
	<u>Actuals</u>	<u>Budget</u>	<u>Forecast</u>	<u>\$'s</u>	<u>%</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>	
Revenue:										
Cafeteria Sales	1,201,494	1,142,100	1,157,000	14,900	1.3 %	1,191,700	1,227,500	1,264,300	1,302,200	1,341,300
Catering	503,731	600,000	645,000	45,000	7.5 %	612,000	624,200	636,700	649,400	662,400
Vending	174,019	198,900	182,359	(16,541)	(8.3)%	187,800	193,400	199,200	205,200	211,400
Investment Income	4,914	6,200	4,000	(2,200)	(35.5)%	2,100	2,100	2,100	2,100	2,200
Total Revenue	1,884,158	1,947,200	1,988,359	41,159	2.1 %	1,993,600	2,047,200	2,102,300	2,158,900	2,217,300
Expenses:										
Direct Expense:										
Salaries, Wages & Benefits						35,000	36,100	37,200	38,300	39,400
Cafeteria & Catering Costs	1,876,020	1,742,100	1,802,000	59,900	3.4 %	1,803,700	1,851,700	1,901,000	1,951,600	2,003,700
Cafeteria & Catering Recovery	(218,110)	(240,300)	(230,379)	9,921	(4.1)%	(227,360)	(258,679)	(265,167)	(271,813)	(278,649)
Vending Costs		198,900	182,359	(16,541)	(8.3)%	187,800	193,400	199,200	205,200	211,400
Vending Recovery	(31,732)	(48,100)	(39,700)	8,400	(17.5)%	(40,500)	(41,300)	(42,100)	(42,900)	(43,800)
Capital Renewal - equipment repairs	55,274	45,900	40,000	(5,900)	(12.9)%	40,800	41,600	42,400	43,200	44,100
Capital Renewal - annual maintenance	3,747	10,700	6,000	(4,700)	(43.9)%	6,100	6,200	6,300	6,400	6,500
Capital Renewal - depreciation		11,700	-	(11,700)	(100.0)%	17,000	18,000	19,000	20,000	21,000
Capital Renewal - replacement of non-dep equip		-	-	-	0.0 %	100,000				
Space Costs	139,850	134,800	134,800	-	0.0 %	137,500	140,300	143,100	146,000	148,900
Garbage	16,600	16,900	16,600	(300)	(1.8)%	16,900	17,200	17,500	17,900	18,300
Supplies	12	500	500	-	0.0 %	500	500	500	500	500
Other Expenses	2,506	4,200	7,000	2,800	66.7 %	7,100	7,200	7,300	7,400	7,500
Insurance	3,204	3,300	3,204	(96)	(2.9)%	3,400	3,500	3,600	3,700	3,800
Total Direct Expense	1,847,371	1,880,600	1,922,384	41,784	2.2 %	2,087,940	2,015,721	2,069,833	2,125,487	2,182,651
Indirect Expense:										
Facilities and Services	5,198	7,900	7,900	-	0.0 %	8,100	8,300	8,500	8,700	8,900
College Overhead	15,595	21,200	21,200	-	0.0 %	21,600	22,000	22,400	22,800	23,300
Central Overhead	1,005	1,000	1,000	-	0.0 %	1,000	1,000	1,000	1,000	1,000
Total Indirect Expense	21,798	30,100	30,100	-	0.0 %	30,700	31,300	31,900	32,500	33,200
Total Expenses	1,869,169	1,910,700	1,952,484	41,784	2.2 %	2,118,640	2,047,021	2,101,733	2,157,987	2,215,851
Operating Results before Commitments	14,989	36,500	35,875	(625)	(1.7)%	(125,040)	179	567	913	1,449
(Increase)/Decrease in Commitment to Capital Renewal			(73,365)	(73,365)	(100.0)%	5,927	(22,932)	542	3,178	(4,436)
(Increase)/Decrease in Commitment to Operating Reserve			(798,841)	(798,841)	(100.0)%	(20,219)	(11,158)	(21,695)	(22,293)	(24,010)
(Increase)/Decrease in Commitment to New Construction Reserve			-	-	0.0 %					
Operating Results after Commitments	14,989	36,500	(836,331)	(872,831)	(2391.3)%	(139,332)	(33,911)	(20,586)	(18,202)	(26,997)

Schedule 2

University of Toronto at Mississauga - Food Services
 Commitments and Surplus
 2001-2 to 2007-8
 in \$'s

Commitments	2001-2 <u>Actuals</u>	2002-3 Original <u>Budget</u>	2002-3 <u>Forecast</u>	2003-4 <u>Budget</u>	2004-5 <u>Budget</u>	2005-6 <u>Budget</u>	2006-7 <u>Budget</u>	2007-8 <u>Budget</u>
Planned Expenditures								
Equipment repair	55,274	45,900	40,000	40,800	41,600	42,400	43,200	44,100
Annual maintenance	3,747	10,700	6,000	6,100	6,200	6,300	6,400	6,500
Depreciation	-	11,700	-	17,000	18,000	19,000	20,000	21,000
Replacement of non-depreciable equipment	-	-	-	100,000	-	-	-	-
Major Maintenance	-	-	-	-	-	-	-	-
Total Actual Planned Expenditures	<u>59,021</u>	<u>68,300</u>	<u>46,000</u>	<u>163,900</u>	<u>65,800</u>	<u>67,700</u>	<u>69,600</u>	<u>71,600</u>
Capital Renewal Allowance	<u>59,021</u>	<u>68,300</u>	<u>119,365</u>	<u>157,973</u>	<u>88,732</u>	<u>67,158</u>	<u>66,422</u>	<u>76,036</u>
Increase in Commitment to Capital Renewal	-	-	73,365	(5,927)	22,932	(542)	(3,178)	4,436
Increase in Commitment to Operating Reserve			798,841	20,219	11,158	21,695	22,293	24,010
Increase in Commitment to New Construction Reserve			-	-	-	-	-	-
Opening Balance	-	-	-	872,206	886,498	920,588	941,741	960,856
Closing Balance	<u>-</u>	<u>-</u>	<u>872,206</u>	<u>886,498</u>	<u>920,588</u>	<u>941,741</u>	<u>960,856</u>	<u>989,302</u>
Surplus								
Operating results after commitments	14,989	36,500	(836,331)	(139,332)	(33,911)	(20,586)	(18,202)	(26,997)
Transfers								
(To)/From Operating Fund	(25,000)	(25,000)	(25,000)					
(To)/From Capital Fund								
(To)/From Restricted Fund								
Net change in surplus for the year	<u>(10,011)</u>	<u>11,500</u>	<u>(861,331)</u>	<u>(139,332)</u>	<u>(33,911)</u>	<u>(20,586)</u>	<u>(18,202)</u>	<u>(26,997)</u>
Opening Balance	203,017	183,419	193,006	(668,325)	(807,657)	(841,568)	(862,154)	(880,356)
Closing Balance	<u>193,006</u>	<u>194,919</u>	<u>(668,325)</u>	<u>(807,657)</u>	<u>(841,568)</u>	<u>(862,154)</u>	<u>(880,356)</u>	<u>(907,353)</u>
Total Fund Balance	<u>193,006</u>	<u>194,919</u>	<u>203,881</u>	<u>78,841</u>	<u>79,020</u>	<u>79,587</u>	<u>80,500</u>	<u>81,949</u>

Schedule 3

University of Toronto at Mississauga - Food Services
Schedule of Major Maintenance Expenditures
2001-2 to 2007-8
in \$'s

There is no scheduled major maintenance at Erindale College.

Schedule 4

University of Toronto at Mississauga - Food Services
Schedule of Deferred Maintenance Expenditures
2001-2 to 2007-8
in \$'s

There is no deferred maintenance at Erindale College.

Schedule 5

University of Toronto at Mississauga - Food Services
 Schedule of Capital Expenditures
 2001-2 to 2007-8
 in \$'s

<u>Description</u>	<u>2001-2</u> <u>Actuals</u>	<u>2002-3</u> <u>Original</u> <u>Budget</u>	<u>2002-3</u> <u>Forecast</u>	<u>2003-4</u> <u>Budget</u>	<u>2004-5</u> <u>Budget</u>	<u>2005-6</u> <u>Budget</u>	<u>2006-7</u> <u>Budget</u>	<u>2007-8</u> <u>Budget</u>
Miscellaneous items less than \$10,000 each	0	10,000		10,000	10,000	10,000	10,000	10,000
Dishwasher			50,000					
Total Capital Expenditures	<u>0</u>	<u>10,000</u>	<u>50,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>