Section 3. Auxiliary and Recharge Schedule

A. Six-year trend and one-year changes in revenue by source, fund, and campus including significant trends, one-year changes, and projections

AUXILIARY RECEIPTS
Appendix 3.A.1 – Auxiliary Operations

Auxiliary funds are unrestricted enterprise funds that provide a variety of services to students, faculty and/or staff for a fee. These fees directly relate to, but may not directly equal, the costs of the services provided. The bookstore, parking services, dining services, and housing are examples of auxiliary enterprises. Gross auxiliary enterprise revenue was $16.2 million in FY23, a 5 percent decrease from FY22 levels. The FY23 revenue balance is in line with FY18 and FY19 levels, demonstrating a return to pre-COVID-19 activity for auxiliaries.

<u>Bookstore</u>

Follett continued to have staffing and supply chain challenges in FY23 resulting in a 12 percent reduction in commission revenue. A request for proposal (RFP) was issued in March 2023, with Barnes & Noble College (BNC) offering the most attractive proposal and being awarded the contract. However, due to time constraints, UAF extended the contract with Follett through October 31, 2023 and UAF Bookstore operations management will transition to BNC on November 1, 2023.

<u>Parking Services</u>

Parking Services had a positive fund balance of nearly $1.3 million at the close of FY23. Parking lot maintenance continues to drive expenditures, and in FY23 there was a significant increase in labor and materials costs due to inflationary and economic pressures. In addition, this past winter, contractors were utilized to help haul snow at a significant cost. Other expenditures in FY23 included parking lot improvements. During this period, a campus-wide striping project was completed and three new kiosks were installed.

Parking Services offered nine shuttle routes, introducing a new weekend shuttle that included stops at Barnes and Noble, Fred Meyer, and the Troth Yeddha' campus location. Responding to increased demand, two community outreach shuttles — Music in the Garden and the UAF tourist shuttles — were retained. Other expenditures in shuttle operations included a new bus tracker system, BusWhere, which provides up-to-date GPS tracking for ridership.

In the upcoming fiscal year, Parking Services anticipates revenue to reach pre-pandemic levels. With the return to normal operations, the department will advance the Parking Lot Preventive Maintenance program to enhance the overall parking experience for the UAF community. This program guarantees that Parking and Facilities Services refreshes each parking lot every four years, addressing needs such as striping, signage updates, cracks and potholes filling, head bolt repairs, and general maintenance. Additionally, three new kiosks will be purchased and the department will continue improving the parking experience by leveraging technology and creating a more user-friendly parking environment for our community.

<u>Dining Services</u>

Last year, Chartwells conducted an internal audit and as a result of the findings UAF paid $982,000 of subsidy and meal plan reimbursements for FY22 that had been withheld until the audit was completed. This resulted in a negative fund balance at the end of FY23. Along with new management changes at Chartwells, a contract modification is being put in place to incentivize managing costs and revenue generation. Dining Services revenue did not increase because of less outside vendors on campus (firefighters); however, meal plan counts increased by 11 percent.

Residence Life Operations

From FY22 to FY23, revenues decreased while expenditures increased due to two primary reasons: reduced available beds and renovation costs. Despite similar occupancy levels to FY22, the loss of beds impacted revenue generation. To optimize existing beds, Residence Life could not offer super-singles, had reduced numbers of singles overall, and converted some doubles to triples, resulting in lower revenue due to a reduced rate for alternate beds. Additionally, the inability to accommodate certain larger long-term summer groups affected guest housing revenue.

Expenditures increased due to preparations of offline buildings for use in fall 2023. To modernize student spaces, lighting and flooring were updated in community areas of McIntosh, Nerland, and Stevens Halls. Lathrop Hall saw furniture purchases as part of its conversion back to a residence hall, including lounge furniture and gaming equipment.

As part of maintenance and repair (M&R) spending, Residence Life completed an extensive renovation of Wickersham hall including new flooring and paint throughout, reconfiguration of suite bathrooms, updated community kitchens, and new furniture. Several Hess Village units were updated, Chandalar unit flooring was refreshed, and larger repair projects for failing roofs were undertaken in several Cutler units. Residence Life has allocated $2.5 million for the Moore/Bartlett renovation, including the purchase of new furniture as part of the project.

Hess Village

Revenues were stable and expenditures decreased 31 percent compared to FY22. UAF implemented term limits in housing agreements, facilitating the transition for longer-term residents out and welcoming new graduate students. The units faced challenging issues associated with aging and consistent plumbing problems, and code issues, necessitating costly repairs and updates. Given the escalating costs and extended timeframe for repairs, the remodeling of units has been temporarily halted to allow for a re-evaluate the approach.

Table 3.1 Fund Balances – Residence Life, Hess Village and Dining Services, FY23

FY23	Residence Life Operations	Hess Village Operations	Dining Services	Total
Beg Fund Balance	**6,030.9**	**1,479.0**	**976.6**	**8,486.4**
Revenue	7,297.0	924.4	3,946.2	12,167.6
Expenditures	6,098.7	717.0	5,615.7	12,431.4
Net Operations	**1,198.3**	**207.3**	**(1,669.4)**	**(263.8)**
Transfers	2,000.0	-	-	2,000.0
End Fund Balance	**5,229.1**	**1,686.3**	**(692.9)**	**6,222.6**

RECHARGE CENTERS
Appendix 3.A.2 – Recharge Operations

There were 27 active recharge centers in FY23, of which 16 ended the year with positive fund balances and 11 with negative fund balances. These fund balances do not include the addition of their depreciated fund balances. In sum, the total UAF recharge center ending fund balance continued to decrease from negative $15.3 million in FY22 to negative $19.0 million in FY23.

In FY22, the utilities recharge experienced a drastic increase in expenditures due to a damaged turbine and a subsequent repair process that resulted in the university purchasing power from Golden

Valley Electric Association (GVEA). In FY23, utilities revenue increased by $2.6 million from FY22. Expenditures substantially decreased by $8.2 million and the fund balance decreased further to negative $18.7 million. This decrease was due to some residual expenses related to the damaged turbine that were not incurred until FY23, as well as a general increase in commodities, services, labor, and insurance costs.

ENTERPRISE CENTERS
Appendix 3.A.3 – Enterprise Operations

Of the four active enterprise centers in FY23, one ended the year with positive fund balances and three ended with negative fund balances. These fund balances do not include the addition of their depreciated fund balances. In total, enterprise center ending fund balance moved from $637 thousand in FY22 to $1.6 million in FY23.

The primary enterprise center drivers are the High-frequency Aerial Aurora Research Program (HAARP), and the Alaska Satellite Facility (ASF) Geophysical Detection of Nuclear Proliferation University Affiliated Research Center (GDNP UARC).

HAARP is currently working through a multi-year plan to come out of a negative fund balance. Since its inception, the GDNP UARC has increased its operating cap twice from $50 million to $125 million; continued growth is expected in the coming years for this center.

Enterprise centers are specialized recharge centers; they charge other internal units or departments for goods or services but may have other defining qualities that may (or may not) require them to be separately classified as an enterprise fund. Some of these qualities may include:

- A different operating cycle than a fiscal year (such a calendar year).
- Direct sales to external parties.
- Rates are based on market and can incorporate competitive features.
- Existence of research and development (R&D) expenses: if significant recharge time exists that is not a direct billable activity but contributes toward a future billable product or service.
- Inclusion of a special charge code to avoid adding ICR through restricted funds because the center generates ICR expense directly. The reason for this varies, but happens due to the center having a very unique operation (such as Sikuliaq) or has primarily external sales (greater than 50 percent).

The presence of one of these qualities may not cause a recharge center to be classified as an enterprise, but typically two or more will.

B. Trend in housing capacity by building and occupancy

HOUSING

As of fall 2023, the total number of students living on campus in single-student housing residence halls or apartments was stable. Due to the closure of Moore and Bartlett halls for renovation, there was an anticipated loss of 632 beds. The bed loss was offset by the completion of Wickersham hall renovation, reinstating the use of Stevens and Nerland halls, converting Lathrop Hall from administrative space back into residence hall spaces and using larger double rooms as triples. In addition, Eileen's House management was shifted back to Residence Life. In total 447 beds were added into inventory, reducing the shortage to 185 beds.

Occupancy in employee-family-graduate (EFG) housing is down 15.5 percent due to an unexpected maintenance issue that delayed units being ready for the start of the fall term. The repairs have been completed and the occupancy is anticipated to increase by winter break.

In the FY25 capital budget request for deferred maintenance, funding for EFG housing and undergraduate residence hall demo and replacement is highlighted to demonstrate UAF's strong need for modern and updated student housing. Major housing replacement or renovation projects are dependent on funding sources and plans.

Table 3.2 Residence Life Single Occupancy, FY17-FY23

Facility	Bartlett	Lathrop	McIntosh	Moore	Nerland	Skarland	Stevens	Wickersham	Cutler	Eileen	Sustain Village	Total
Capacity as Built	**322**	**132**	**98**	**322**	**97**	**143**	**101**	**96**	**242**	**26**	**16**	**1,595**
2017	260	95	75	216	0	129	0	82	224	0	16	**1,097**
2018	204	65	64	220	37	119	0	58	196	0	16	**979**
2019	212	0	64	210	0	121	0	76	194	0	0	**877**
2020	152	0	41	171	0	74	0	54	149	0	0	**641**
2021	220	0	58	211	0	104	0	0	173	0	0	**766**
2022	242	0	67	231	0	110	0	0	218	0	0	**868**
2023	0	116	96	0	95	129	101	83	228	18	0	**866**
Capacity as Used	**0**	**129**	**102**	**0**	**101**	**144**	**108**	**97**	**237**	**25**	**0**	**943**
Occupancy AU*	NA	89.9%	94.1%	NA	94.1%	89.6%	93.5%	85.6%	96.2%	72.0%	NA	**91.8%**
Occupancy AB*	0.0%	87.9%	98.0%	0.0%	97.9%	90.2%	100.0%	86.5%	94.2%	69.2%	0.0%	**54.3%**

Notes:
1. Lathrop Hall was converted back to a residence hall. It was used as administrative space fall 2019-spring 2023.
2. Moore and Bartlett Hall are offline starting summer 2023 due to major renovations.
3. Eileen House management moved from Rural Student Services to Residence Life.
4. Fall 2023, Capacity as Used may exceed Capacity as Built due to triple occupancy of larger double rooms.
5. All Occupancy Data is from Occupancy Reports run annually between the dates of September 11 - September 19.

* AU: As Used - AB: As Built

Table 3.3 Residence Life Family and Faculty Occupancy, FY17-FY23

	Total		Occupancy
FY	Capacity	Occupancy	Percent
2017	165	142	86.1%
2018	176	161	91.5%
2019	170	156	91.8%
2020	170	145	85.3%
2021	169	141	83.4%
2022	169	129	76.3%
2023	169	109	64.5%

Notes:
1. Not all units may be available due to maintenance down time.
2. In preparing for fall 2023, Residence Life was focused on increasing Single Student capacity by converting Lathrop Hall back from Office Space and increasing larger room to triple occupancy. This resulted in numerous vacant employee-family-graduate (EFG) units to not be ready for occupancy until October 2023. EFG occupancy should increase significantly by the end of fall 2023.