

**OAKLAND CENTER OPERATING BUDGET FOR THE
FISCAL YEAR ENDING JUNE 30, 2025**

A Recommendation

1. **Division and Department:** Student Affairs and Oakland Center
2. **Introduction:** The proposed budget for the Oakland Center is presented for approval for the fiscal year ending June 30, 2025.

The ancillary activity presented represents an operation connected with and in support of the educational mission of Oakland University (University). Each ancillary budget is presented in a similar format, using common terminology and revenue, expense, and University Support categories. The "all funds" budget model is used to construct the proposed budget. The all-funds model provides a comprehensive picture of the financial activities of each unit. This format depicts operating and capital transactions in the General Fund, Auxiliary Fund, Designated Fund, Expendable Restricted Fund, and Plant Fund. Gifts are included, but the fund balances in permanent endowments are not included as there is no discretion with regard to their use. Distributions from endowments are included.

3. **Previous Board Action:** On June 26, 2023, the Board of Trustees (Board) approved the FY2024 Oakland Center budget.
4. **Budget Implications:** See the program description for budget implications.
5. **Educational Implications:** See the program description for educational implications.
6. **Personnel Implications:** See the program description for personnel implications.
7. **University Reviews/Approvals:** The Oakland Center budget was developed by the Director of the Oakland Center, reviewed by the Financial Performance Review Committee, Budget and Financial Planning office, Senior Vice President for Student Affairs, Vice President for Finance and Administration, and President.
8. **Recommendation:**

RESOLVED, that the Board of Trustees approve the FY2025 Budget for the Oakland Center, with expenditures and transfers not to exceed the total as reflected in the attached budget, except as set forth; and, be it further

RESOLVED, that any expenditure level in excess of the approved amount that is not funded by a direct revenue increase must have the prior approval of the President or his/her designee and those amounts shall be reported on a periodic basis to the Board of Trustees; and, be it further

Oakland Center Operating Budget
For The Fiscal Year Ending June 30, 2025
Oakland University
Board of Trustees Formal Session
June 28, 2024
Page 2

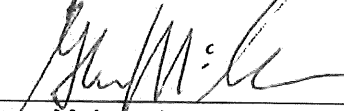
RESOLVED, that subject to satisfaction of the requirements set forth in all applicable Board of Trustees policies, the Board of Trustees authorizes the President, the Vice Presidents, and their respective designees, to perform all acts and deeds and to execute and deliver all contracts, instruments and documents required by this resolution that are necessary, expedient and proper in connection with the FY2025 budget and the ongoing administration of the FY2025 budget; and, be it further

RESOLVED, that any and all such contracts, instruments and documents shall be reviewed by and be in a form acceptable to the Vice President for Legal Affairs and General Counsel prior to execution, and be in compliance with the law and with University policies and regulations and conform to the legal standards of the Vice President for Legal Affairs and General Counsel.

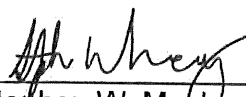
9. Attachments:

- A. Description of Oakland Center Budget Notes & Assumptions
- B. Oakland Center Proposed Budget – FY2025

Submitted to the President
on 19 June 2024, 2024 by

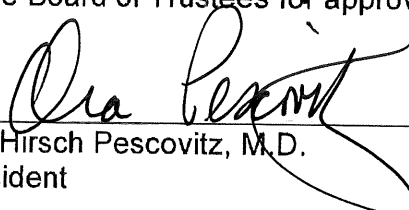


Glenn McIntosh
Senior Vice President for Student Affairs and
Chief Diversity Officer

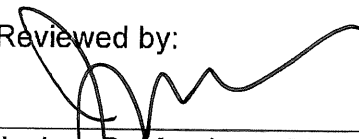


Stephen W. Mackey
Vice President for Finance and Administration
and Treasurer to the Board of Trustees

Recommended on 6/21, 2024
to the Board of Trustees for approval by



Ora Hirsch Pescovitz, M.D.
President

Reviewed by:


Joshua D. Merchant, Ph.D.
Chief of Staff and
Secretary to the Board of Trustees

Oakland Center

Description of Program

The Oakland Center serves as a community center for students, faculty, staff and university guests. It offers a wide-range of services and amenities such as: campus wide food service, university spirit shop, credit union, meeting and conference room facilities, departmental and student organization offices. The Oakland Center continues to experience strong and growing student utilization attracting diverse campus programs and external community interest.

Key Performance Indicators

Oakland Center Facility Use Trends

Academic Year (September – April)	FY22	FY23	FY24
Meeting/Event Rooms Used	3,026	3,745	4,151
<i>University Departments</i>	1,613	2,186	2,315
<i>Student Organizations</i>	1,227	1,348	1,603
<i>Contracted Vendor^</i>	71	48	28
<i>Off Campus</i>	115	163	205
Building Traffic	528,950	646,198	656,560
Full Year (July - June)	FY22	FY23	FY24*
Meeting/Event Rooms Used	3,787	4,491	4,846
<i>University Departments</i>	2,296	2,803	2,945
<i>Student Organizations</i>	1,246	1,374	1,624
<i>Contracted Vendor^</i>	90	59	39
<i>Off Campus</i>	155	255	238
Building Traffic	632,268	765,530	766,047

[^]Barnes & Noble, Chartwells, eCampus.com, Oakland University Credit Union, University Gear Shop

*FY24 Projected (actual through May 2024)

- Meeting and event room bookings continue to trend in a positive direction, increasing over 7% in FY24 compared to FY23.
- Student Organizations were the biggest driver for increased use of the Oakland Center, increasing by 18% in FY24.
- Building traffic during the academic year saw a modest 2% increase in FY24 compared to FY23, a trend we hope to see change positively in FY25 with the re-opening of South Foundation Hall.

Major Accomplishments

- Off campus contracts for off-campus meetings and events held in the Oakland Center are up 15% in FY24 compared to FY23.
- Scheduled programming of the Habitat by university and student groups increased by nearly 20% in FY24, bringing the total number of OU events in the space to 143 in FY24 from 120 in FY23
- Esports continues to grow in the Oakland Center. Student use of the Grizz Den (home for esports on campus) increased in FY24, with gaming computer specific use up 3.5%. The Oakland Center also hosted multiple esports competitions and events in FY24, including both on- and off-campus clients.

FY2024 Explanation of Major Changes

- Year one of the bookstore contract resulted in lower than expected commissions due to lower than expected faculty adoptions.
- Conference revenue decreased due in part to a large camp which did not return in June 2024.
- On October 3, 2023 OU entered into an amendment to the food service contract with an effective date of July 1, 2023. Under the new cost model agreement, the Oakland Center receives all of the catering revenue provided by Chartwells. Retail sales represents the revenue from catering sales. All expenses related to revenue, as well as fifty percent of the overhead costs are paid by the Oakland Center.
- Compensation expenses were reduced due to staff vacancies and the decision to freeze a part time CT position which was vacated in September 2023.
- Supplies and services increased due to the use of temporary employees to fill the vacancies of custodial staff.
- Equipment costs increased due to technological upgrades made to the Transact system which is used to operate the cash registers in the food court and dining halls.
- On August 24, 2023 the lower level of the Oakland Center experienced a “water intrusion event.” The increase in insurance is a result of the deductible payment.

FY2025 Budget Assumptions

- The Oakland Center expects a moderate increase in revenue for FY25. We will continue, for a second and final year, with the food service cost model agreement.
- Conference revenue is expected to increase, with the addition of an Event Manager, as we continue to promote external campus usage. FY2025 revenues are conservatively budgeted, with larger growth realized in FY2026 and beyond, with the real impact of the new position taking greater than one year. (larger events and conferences are not typically booked within a 12-month period).

- Compensation expense will increase with the addition of an Event Manager and two percent salary increases.
- The goal for Chartwells expenses is to hold them to an expense no greater than expected revenue. This is intended to be accomplished through consensus decisions between University Housing, the Oakland Center, and Chartwells. Extreme measures can include closing all satellite locations across campus, leaving open operations in housing and the Oakland Center only.
- Total transfer activity, year-nine, annual food service amortization is \$100,000.
- Oakland Center will take a short-term internal loan of \$1,000,000 from the general fund in FY2025 to fund Oakland Center operations while our business model is revised to adjust to post pandemic usage. Interest will be paid at an annual rate of 4.25%. This loan is scheduled to be repaid over the next 7 years, starting in FY2025 and FY2026 with interest-only payments and equal payments of interest plus principal over the following 5 years, concluding in FY2031.
- As a result of the recent modification to our food service contract, approximately \$5,300,000 of unamortized expenses are due at the end of the current food service contract (6/30/25), shared between the Oakland Center and Housing. It is not included as FY2025 expense, as it is anticipated that it will be added to the existing or a new partner will take on that expense over the life of a new contract.

Proposals for Solvency

- The Oakland Center is proposing a new rate schedule for all events, which will increase the charge for hosting general fund events in the facility. These increases have not been incorporated into the FY25 budgeted revenues. A review of university overhead charges will be initiated to understand increased charges and re-negotiate previously established revenue sharing with the general fund.
- OC Management will work to identify work processes and/or software/subscriptions that can be streamlined or eliminated to save on expenses and increase time available for identifying and contracting with new external clients and new revenue.
- OC Management will complete a thorough review of work done by custodial staff of the OC to determine need for temporary or casual staff that is currently budgeted for; including cleaning and maintenance, event set ups, AV assistance, and any other duties as assigned.

Oakland University
Ancillary Activities Operating Budget
Oakland Center
Proposed Budget - All Funds
FY2025

	FY2023 ACTUAL	FY2024 BUDGET	FY2024 ESTIMATED ACTUAL	FY2025 PROPOSED BUDGET
<u>Revenue:</u>				
Operating Revenue				
Bookstore Commissions	\$ 460,568	\$ 250,000	\$ 202,773	\$ 208,900
Conference/Camps	418,262	373,000	310,000	330,000
Food Service	434,924	453,000	-	-
Other	-	-	-	-
Retail Sales Chartwells Catering	-	-	1,407,605	1,449,833
OU Purchased Services	251,964	262,433	262,433	271,044
Gifts and Grants	135	-	170	-
Investment Income	125,588	75,958	71,911	-
Total Revenue	<u>\$ 1,691,441</u>	<u>\$ 1,414,391</u>	<u>\$ 2,254,892</u>	<u>\$ 2,259,777</u>
<u>Expenditures:</u>				
Compensation	\$ 1,028,330	\$ 1,185,000	\$ 1,083,000	\$ 1,267,650
Supplies and Services	337,348	317,500	361,500	372,350
Repairs and Maintenance	173,017	243,500	243,500	250,900
Cost of Retail Sales Chartwells Expenses	-	-	1,904,588	1,449,833
Equipment	11,187	30,000	80,682	25,000
Insurance	48,527	61,461	143,119	81,108
Utilities	540,080	564,443	564,443	584,959
Debt Service	80,866	80,866	80,866	80,866
Short-Term Loan Interest	-	-	-	38,955
Overhead charged by OU	307,482	310,667	310,667	321,903
Other Transfers	88,487	100,000	93,070	100,000
Total Expenditures	<u>\$ 2,615,324</u>	<u>\$ 2,893,437</u>	<u>\$ 4,865,435</u>	<u>\$ 4,573,524</u>
Net Income	<u>\$ (923,883)</u>	<u>\$ (1,479,046)</u>	<u>\$ (2,610,543)</u>	<u>\$ (2,313,747)</u>
<u>University Support:</u>				
Student Tuition Allocation	\$ 802,726	\$ 801,047	\$ 801,047	\$ 842,862
Short-Term Internal Loan	\$ -	\$ -	\$ -	\$ 1,000,000
Total University Support	<u>\$ 802,726</u>	<u>\$ 801,047</u>	<u>\$ 801,047</u>	<u>\$ 1,842,862</u>
Net Income with University Support	<u>\$ (121,157)</u>	<u>\$ (677,999)</u>	<u>\$ (1,809,496)</u>	<u>\$ (470,885)</u>
<u>Ending Balances prior to Major Cap. Expenditures:</u>				
Restricted Fund Balance *	\$ -	\$ -	\$ -	\$ -
Unrestricted Fund Balance	2,687,379	1,888,223	756,726	285,841
Less: Major Capital Expenditures	-	-	-	-
Total Ending Fund Balance	<u>\$ 2,566,222</u>	<u>\$ 1,888,223</u>	<u>\$ 756,726</u>	<u>\$ 285,841</u>