



North Idaho College

Dormitory Housing Commission Annual Meeting Minutes

May 11, 2021 at 4:00 p.m.

Edminster Student Union Building, Driftwood Bay Room
and by Zoom

Call to Order and Verification of Quorum

Commissioner Marcheso called the meeting to order at 4:10 p.m. and verified that a quorum was present. Commissioner Thomas was unable to attend.

Attendance:

Commissioner Present in person: Commissioner Marcheso, Chair
Commissioner Present by Zoom: Commissioner Armon, Vice Chair
DHC Secretary Present in person: Sarah Garcia

Action Item: Review/Approval of Minutes:

The minutes from June 23, 2020 and November 5, 2020 were reviewed.

Commissioner Armon moved to approve the minutes of June 23, 2020 and November 5, 2020 as presented; Commissioner Marcheso seconded the motion; Motion passed unanimously.

NEW BUSINESS:

Action Item: Tab 1: FY2022 Annual Budget Proposal, Dormitory Housing Commission Operations

Graydon Stanley/Steve McGroarty

Auxiliary Services Accountant Steve McGroarty discussed FY2022 operational areas including:
Traditional Auxiliary Services

Contracted Services

- Cardinal Bookstore
- Dining Services
- Financial Services

Residence Hall
Student Union Operations
Student Wellness & Recreation Center (SWRC)

Funding Sources include:

- Sales and Rentals of Goods and Services
- Student Service Fee
 - Student Union Operations
 - SWRC Operations
 - Debt-Service
 - Building Project

Auxiliary Services Mission Statement – Auxiliary Services support student success and the academic mission of the college by providing quality products, services, and facilities to students, faculty, staff, and guests of North Idaho College.

Steve McGroarty shared North Idaho College’s Organizational Chart in recognition of staff member contributions.

The March 22, 2021 North Idaho College Enrollment Data slide provides a five-year comparison. The most recent comparison is for Fall 2020 and Spring 2021 listed by head count and FTE. FTE is calculated by total credit hours divided by 15. Diving deeper into the 2021 data, the FTE count of 2,528 is listed by type and modality. Face-to-face instruction represents 28%, hybrid represents 51% and online represents 20%. Dual credit students do not pay a student fee other than applicable course fees.

The student service fee is a \$180 fee for full time equivalency students to cover building debt service and operations. Student fees have declined over the four-year period from 2018 to 2021. The overall dollar amount decline is (\$161,685) and the percentage decline is (15.84%).

The FY2022 budget was created with a 3% enrollment decline from FY2021 actual. NIC’s budget proposal for FY2022 includes a full step increase for 10 full-time employees and is approximately \$8,223. Also proposed is a Student Union chair replacement request by the Student Union Advisory Board of \$150,000 and has been in discussion for a few years and heightened by COVID-19 and offers the ability to clean more thoroughly and frequently with less labor hours and expense.

Cardinal Bookstore and the Dining Services have been combined into one operating area. FY2021 forecasted commission income is down (\$26,000) and (18.4%) compared to FY2020 actual impacted by enrollment decline and fewer customers physically on campus and external competition. Follett contract due to expire 6/30/2022 and we expect to issue an RFP this fall.

We are partnering with our business and professional programs to pilot Follett's ACCESS program where a material fee is added to the course fee. The delivery is largely digital and allows the students access to course materials on day one of class. The pilot program encompasses 3 courses, 9 sections and 172 students. The goal of the program is to positively impact student success and retention. From a financial perspective, the potential loss of commission margin due to the rate difference between physical and digital content should be balanced by a broader customer base.

We reported in Fall 2021 that we are moving to a cost-plus arrangement with Sodexo where we pay Sodexo a management fee of 5% of operating expenses. The decision to adopt a cost-plus arrangement proved to be the correct decision this fiscal year resulting in savings of approximately \$34,000. We will resume the P&L contract model in FY2022. Meal plan rates are scheduled to increase 4.85%. This change results in a semester dollar increase per plan from \$62 to \$74. Our snack and beverage vendors, Empire Vending and Pepsi are scheduled to extend one year through 6/30/2022 and issue an RFP for beverage services in Spring 2022.

Reported in Fall 2021, at Panhandle Health District's recommendation, we limited one resident per bedroom in Fall 2020 and Spring 2021 significantly impacting room revenue. All residents were charged \$2,150 per semester instead of our budgeted double occupancy rate. We were able to reduce personnel expenses by reducing our resident assistant staff count. Our FY2022 budget includes a resumption of normal operations forecasting 370 occupied beds which places us at the resident minimum guarantee amount to Sodexo. FY2022 includes the resumption of deferred maintenance projects including interior paint, carpet and lighting replacement.

FY2022 also signifies the maturity of the outstanding bond with a final payment of \$309,300.

The 10-year occupancy demonstrates consistent occupancy in the 80s to mid-90s. Local rates continue to show we're well positioned to maintain strong occupancy while providing the additional value of on campus living.

We will reinstate our traditional rate structure of separate rates for single and double rooms in FY2022. Single room rates are proposed at \$3,345. Double rates are proposed at \$2,195 resulting in a rate decrease from the prior year. The rent decrease is offset by the meal plan increase. The per week rates over 17 weeks are showing \$190 per week for singles and \$122 per week for doubles. Monthly rates are showing at \$847 for singles and \$538 for doubles.

As a comparison, based on the 2020-2021 academic year, Lewis-Clark State College's single rates per semester range from \$1,950 and \$2,730 and double rates range from \$1,650 to \$1,800. The University of Idaho's single rates per semester range from \$2,695 to \$3,371 and double rates range from \$2,270 to \$2,626.

The FY2022 pricing strategy is to hold residency rates flat from the FY2021 budget. In fact, we'll see very little movement over the next five-year period shown. The combined room rates and mail plans range for singles \$4,500 to \$4,950 and range for doubles of \$3,350 to \$3,800.

Commissioner Macheso asked what is Meal Option 4?

Steve McGroarty responded that we offer four different plans. The first three options are what we call a meal plan swipe and a flex portion. The flex portion just operates like a retail component as a declining balance option. The meal plan swipe plans are where we serve dinners Monday through Friday and both brunch and dinner on Saturdays and Sundays. There is also a plan where it is Flex only that is the retail style only a declining balance model so our residents have a choice of the four.

The Student Union Operations are funded by the student service fee at \$93 per full time equivalency student and is forecasted favorable to original budget projections both from labor and other operations. You will notice an increase use percentage as student operations incur additional operations expenses with declining fee income.

We are forecasting a net loss of \$525,000 for the auxiliary unit in FY2021. We estimate the loss of revenue calculations including academic year and summer activity for NIC dining services and residence hall in the amount of \$680,000.

The FY2022 budget for auxiliary units is presented with the net income of \$70,756.

As we reported in the Fall 2021 that the biggest change to the Student Wellness & Recreation Center is FY2021 was the adoption of a block schedule with the resulting dual benefit of labor dollar savings and cleaning. We are focused on employing student work labor for a total annual savings of close to \$14,000.

The Student Wellness & Recreation Center and Outdoor Pursuits have traditionally operated a year-round intern program which helped to create national brand recognition but came with a price primarily due to providing housing. The decision was made to suspend the program resulting in a savings of approximately \$2,000 per month.

The student fee fund generates income of the \$93 component of the \$180 total and is forecasted to outperform budget by 2.3% in FY2021. FY2021 forecast included streamlining operations and approximately one half of the residence hall annual debt service. FY2022 budget includes a 3% enrollment decline and a Student Union chair replacement expense of \$150,000.

The Debt-Service Summary slide highlights the residence hall bond maturity in FY2022 and also represents the final year of interest only payments for our Student Wellness and Recreation Center prior to principal and interest beginning in FY2023.

The Fund Balance History slide highlights an ending FY2021 balance of \$3.36 million using FY2020 actual less the FY2021 forecasting that loss. You can see the value lost over 3-years of \$826,000, 5-year \$1.150 million and 7-year \$1.003 million.

The Government Finance Officers Association (GFOA) recommends the best practice of no less than two months of regular operating expenditures. February 2021 through March 2021 was just over \$300,000 which is actually two of the higher months than we generally experience.

FY2022-FY2024 slide highlights the summary level financial view shows an operational breakeven for the fiscal years through FY2024. Student fees are forecasted with a 3% decrease in enrollment for FY2022 and flat enrollment in FY2023 and a 3% increase in FY2024. Expenses are projected to increase 11.76% primarily due to deferred maintenance.

Commissioner Marcheso has a question about the renewed Pepsi and Empire contracts. Is there any increase or is it the same as it was?

Steve McGroarty shared that they are the same as it was in this year.

Commissioner Armon congratulated the team for getting through this past year on survival mode and have done an amazing job. It is nice to see a projection of 2021-2022 getting back on track.

Sarah Garcia addressed the correspondence coming from the federal government about the CARES funding. There is a new set of rules of what the funding can be used for. We were able to help cover the cost of charging the double rate for single use of rooms and were able to hold them somewhat harmless. We are in the process of evaluating summer camp revenue and some of the other things based on the fact that we have lower enrollments. That may change the forecast or actual results of this year's numbers and make that smaller.

Commissioner Marcheso asked how much did we get in the past?

Sarah Garcia shared about \$400,000.

Steve McGroarty confirmed about \$400,000. The majority is in the Residence Hall but both our dining hall and residence hall had a loss of revenue.

Sarah Garcia asked if those funds are included in what has been presented already?

Steve McGroarty shared that those were actually funds that were received last fiscal year and were recorded in FY2020. We haven't recorded any CARES receipt of funds yet in FY2021.

Sarah Garcia shared that they are working on that and it is not because you are not getting any.

Commissioner Marcheso asked if there are any repayment requirements or if it is a grant?

Sarah Garcia shared that as far as paying it back, there's no request.

GOOD OF THE ORDER/PUBLIC COMMENT:

Sarah Garcia shared that we did our five-year arbitrage rebate population just last month and we do not owe any money back to the IRS. I have completed that as required at the five-year mark for the 2016 bond. The next thing that comes up is what happens when the dorm bonds are no longer in repayment. The only bonds that we have outstanding are the Student Rec Center bonds. There is a covenant in the bonds that we must ensure we have a 175% coverage of our highest outstanding debt payment before we can reduce it. The highest debt payment is \$502,000 so 175% of that is 850 something. If you divide that by our FTE number at this point we are barely making it right now until enrollment changes.

Commissioner Armon asked if there is any chance of refinancing the debt now that we have just the one issue outstanding?

Sarah Garcia shared that yes, it is possible. Typically, I'm contacted if the market is right for a refinance. If you would like me to, I would be happy to reach out to them and ask them about that. I hesitate because our pledged revenue stream is not very strong right now.

Commissioner Armon agreed but shared that we have less debt to cover.

Sarah Garcia agreed that we have less debt to cover and we can probably get a lower interest rate.

Commissioner Armon made a motion to approval all the financials for this year.

Commissioner Marcheso seconded the motion.

Commissioner Marcheso asked if all the same protocol is staying in place for the students coming back now with masks and is everything else going to be the same?

Graydon Stanley shared that we are not absolutely certain right now but our plan with the residency hall is to go back to full occupancy in the fall semester. We will save two or three

rooms in case there is an outbreak. Dining services is prepared for full occupancy next year as well. Right now our protocol is still to be mask wearing for next fall but that will be updated based on CDC recommendations and Panhandle Health over the course of the summer. We plan to have more face to face classes. We will have more online and hybrid classes because of the demand. We are following the advice on the physical distancing where we can increase the capacity in the residence hall and dining services and in our classrooms for next fall so we'll continue to following the advice as we work through the summer.

Commissioner Marcheo asked what kinds of discussions are being had about education in general and where students may look towards online courses? Are we involved in that process?

Graydon Stanley shared that yes, we are highly involved in that process through our associations across the nation, here in the states with our colleagues and other institutions and we spend a lot of time discussing that here. We will be taking advantage of what we learned during the pandemic. We'll still offer the traditional kind of instruction that our students really need in CTE programs and labs where there has to be that interaction.

Commissioner Marcheso asked if that has been forecasted in Steve's budget?

Graydon Stanley shared that when we looked at the 3% decreases, he was basing the budget in terms of enrollment and in consideration of all of those factors.

Action Item: ADJOURNMENT

Commissioner Armon moved to adjourn the meeting; Commissioner Marcheso seconded motion; Motion passed. Meeting was adjourned at 4:45 p.m.