A. INTRODUCTION

Auxiliary Services is a diverse collection of twelve service organizations. These twelve departments are self-supporting except for Campus Mail, Streets (a division of Parking & Transportation) and U Card, which receive some O&M funds.

Auxiliary Services reports to the Vice President for University Services and is responsible for the overall management, planning, budgeting, staffing, and directing of the departments of Housing & Residential Life, University Dining Services, Parking & Transportation Services, University Bookstores, University Stores, Fleet Services, General Services (Printing Services, Office Equipment Services, Addressing and Mailing Services, University Bindery Services, Campus Mail) and U Card.

Auxiliary Services is responsible for establishing operating policies, standards and controls to maintain fiscal accountability within the framework of University policies and assisting the University in meeting its stewardship responsibilities. Auxiliary Services is also responsible for providing staff and student development opportunities and initiatives, and the development of standards for delivering timely, quality customer service.

Auxiliary Services serves the University of Minnesota community by providing academic departments, administrative units, students, faculty, staff, parents, visitors and guests of the institution with goods and services that are 1) essential to academic and administrative success; 2) convenient; 3) user friendly; 4) customer driven; and 5) readily available at a quality-for-cost ratio that is not consistently available in the community. Additionally, Auxiliary Services must be constantly interactive with academic, administrative and student groups throughout the planning, delivery and evaluation of products and services offered. Finally, our mission includes the requirement to judiciously budget for planned operating costs, debt service, reasonable contingencies, approved margin and reserve requirements so that services can be fully self-supporting and not constitute a future liability against institutional resources. By continuing to identify and build upon best practices and avoiding duplication of infrastructure and services, Auxiliary Services strives to provide continuous service improvement.
Auxiliary Services Departments Include:

Housing & Residential Life (H&RL) (Area 590)
University Dining Services (UDS) (Area 589)
Parking & Transportation Services (PTS) (Area 592)
University Bookstores (Area 593)
University Stores (Area 557)
Fleet Services (Area 805)
General Services (Area 591)
  Printing Services
  Addressing & Mailing (A&M)
  Campus Mail
  Office Equipment Services (OES)
  University Bindery
U Card (Area 791)
Auxiliary Services Administration & Technology (Area 588)

H&RL: $31,652M  Fleet: $4,680M
PTS: $26,785M  A&M: $4,680M
Bookstores: $21,939M  OES: $ 880M
U Stores: $19,780M  CM: $ 792M
Printing: $9,115M  Bindery: $664M
UDS: $5,143M  U Card: $594M

B. MAJOR LONG-TERM GOALS & PRIORITIES

1. Enrich the Undergraduate Experience

Housing & Residential Life will continue to offer co-curricular experiences for students residing on campus. In 1996, two living learning communities
Auxiliary Services 2003-04 Compact Summary

2. Finalize Dining Service Plans in the Renovated Coffman Union

In January 2003, Coffman Memorial Union reopened after an extensive, three-year renovation. The new CMU dining operations, including a main food court and two satellite operations (Starbucks and M Deli), opened and were very positively received by students, staff and faculty. The challenge for UDS is to draw enough traffic to financially support the venues while maintaining the ability to serve customers efficiently and effectively during peak service periods. During the second half of FY03 and into FY04, UDS will continue to evaluate hours of operation and food offerings in an effort to best meet the needs and expectations of the campus community.

3. Bookstores Facilities Consolidation

Bookstores has been seeking an expanded single on-campus facility of adequate size to appropriately serve the campus community since 1995. Bookstores is currently in the final construction stages of building a 45,000 square foot facility on the ground floor of the newly renovated Coffman Memorial Union. The CMU Bookstore is scheduled to open in March 2003. By combining the East Bank, West Bank and Health Sciences bookstores into one bookstore, many improvements and efficiencies can be achieved including, enhancing the Bookstores’ academically-oriented selection of books; creating one-stop shopping for customers; improving efficiencies in staffing, systems and inventory; and improving the University’s position to support expanding e-commerce.

The success of the CMU store depends on successfully drawing enough traffic to the Student Union and the Bookstore to financially support the venue. Also, financial commitments made during the planning process must be maintained. These commitments include limiting the escalator on annual rent increases, the exclusion of common space charges in annual rent charges, and the replacement of lost Williamson warehouse space at no cost to Bookstores.

4. Continue to Assess Demand for Student Housing

Increasing the number of residence hall spaces on the Twin Cities campus has been a priority for H&RL since the mid-1990s. The May 1st deadline to
house all first-year students, the shrinking housing rental market in the Twin Cities, and the growing retention rates of students living in the residence halls necessitated incredible system growth in individual student housing. In fall 1995, standard capacity was 4,568 beds. With the opening of Wilkins Hall (1996), the Territorial (1999), Middlebrook (2001) and Frontier Hall additions (2001), University Village (lease 1999) and the reconfiguration/renovation of existing residence hall space, fall 2001 standard capacity was 5,977. Fall 2002 standard capacity reached 6,308 with the opening of the Riverbend Commons housing complex, the addition of new spaces in Sanford, and normalizing of the previously expanded residence hall capacity. Few institutions in the nation have experienced such rapid growth in their individual student housing programs. With this growth, the housing system has assumed $55M of new debt, which, in turn, has impacted room and apartment rates. Numerous private developers continue to build new housing near campus (1,077 new units in 2002 and approximately 1,000 new units are scheduled in 2003). H&RL will closely monitor the impact of the recent on and near campus new housing developments over the next 2-3 years and assess future needs, if any, at that time. During FY04, H&RL will work closely with representatives of the Graduate School to identify affordable housing opportunities, both on and near campus, for graduate and professional students.

5. **U-PASS / Metropass Program**

In the fall of 2000, Parking and Transportation Services fully implemented a deeply-discounted bus pass program that provides metro wide, 7 day a week access for the University community, including students, staff and faculty. With the U-PASS/Metropass initiative now in its third year, transit ridership has increased 114%, from 7,000 to 15,000 riders, since fall 2000. A federal CMAQ grant and student fees funded the first two-plus years of this program. PTS will continue to explore various avenues on the federal and state levels to obtain funding to support the U-PASS/Metropass programs in the future.

6. **Continue to Advance the Partnership between the University and ARAMARK**

ARAMARK operates and manages residential dining, retail dining, catering and vending services on the Twin Cities campus. In fall 2000, the University and ARAMARK recommitted to making food service both successful and exciting for students, staff and faculty by identifying and remedying contract-related roadblocks, developing strategies to improve food quality and customer satisfaction, and identifying ways to improve the financial return to the U and ARAMARK. The relationship continues to grow, service improvements have been implemented, venues have been remodeled and menus refreshed. FY04 plans include remodeling the Bistro (Humphrey),
opening a small retail venue in the new Art School facility, revising residential dining plans, and improving residential dining food quality.

7. Business to Business (B2B)

University Stores is constantly improving their internal B2B system. U Stores currently offers over 650,000 products to the University community via the Web and continues to develop ways to expand product offerings and service to the campus. In the first half of FY03, Stores completed the Research Animal Resources per diem billing system and added secure X.500 authentication. Projects scheduled for completion by the end of FY03 include the addition of the Sigma Aldrich as supplier using XML; conversion of Fairview customer orders using XML; and the introduction of an enhanced Web interface featuring customer friendly design features. Enhancements scheduled for FY04 include the conversion of Stores largest scientific vendor, Fisher, to electronic invoicing using XML technology; adding more vendors and customers to the XML technology pool; and the potential upgrading of Stores’ server.

C. NEW OR UPDATED COMPACT ISSUES AND PRIORITIES

1. Develop Strategies to Increase Summer Conference Revenues

Summer conference business generates approximately $1.3 million in revenues annually for H&RL and $1.2M for UDS. These revenues cover program costs but they do not contribute to the fixed costs of depreciation and debt. Ideally, summer revenues would help offset the on-going operating cost of individual student housing during the academic year. In FY04, H&RL will implement strategies to increase the level of summer business and/or reduce associated operating costs in an effort to improve the summer operating margin. Current University policies and/or procedures that inhibit summer program growth will be reviewed. An enhanced Summer Conference Coordinator position will be developed and implemented.

2. 15-Passenger Van Usage

In April of 2001 the National Highway Traffic Safety Administration (NHTSA) issued a warning of the rollover risks of 15-passenger vans. At that time the University of Minnesota issued a notice to all users of 15-passenger vans warning them of the associated risks and of steps to take to reduce rollovers and serious injuries. During FY02, Fleet Services reviewed recent University-related 15-passenger van usage and accident records. In an effort to prevent future rollovers and accidents, Fleet Services initiated a training program for all drivers of 15-passenger vans on all campuses. Effective November 1, 2002 departments are not allowed to reserve 15-passenger vans
unless they have a designated driver who has completed the required training program. Further review is required to determine if training positively impacts driver performance, and whether the benefits of providing the convenience of 15-passenger vans for customers outweigh the potential liability and financial risks associated with these vehicles. A recommendation on the continued use or elimination of 15-passenger vans will be made during FY04.

3. Web/Technology Improvements (Improved Customer Service)

In FY04 Auxiliary Services’ units will continue to investigate and implement technology enhancements to better serve customers and/or improve business performance. Planned enhancements include the following:

- Provide on-line, detailed billing information to customers. (PTS, Fleet, Stores)
- Replace the current Housing Management System (H&RL, UDS)
- Interface Kronos timekeeping system to PeopleSoft. The interface will eliminate the need to hand enter bi-weekly payroll data into PeopleSoft. (H&RL, UDS, PTS)
- Interface Bookstores’ point-of-sale system to Student Accounts Receivables (STARS) to allow student purchases using the U Card

4. Define and Align Campus Food Service Core Competencies

Dining related services on-campus are currently managed across three vice presidential units; the Vice President for University Services, the Vice President and Chief of Staff, and the VP and EVP for Faculty and Academic Programs. University Dining Services currently manages residential dining, retail dining, catering, vending and beverage related services via the University’s ARAMARK and Coca-Cola contracts. Concerts and Lectures manages Northrop concessions via Blue Bell concessions. Intercollegiate Athletics and the Department of Recreational Sports oversee concessions in their respective venues. ARAMARK’s Sports & Entertainment division provides these concession services. As the University begins discussing and identifying core competencies of departments and colleges, discussion needs to occur regarding how food service areas on campus can be better coordinated and leveraged. Better coordination and oversight can lead to financial and operational efficiencies. In FY04, UDS will explore how the U can more effectively provide food-related services to the Twin Cities campus community.

5. General Services Operating Efficiencies

Effective July 2002, five Internal Service Organizations (ISO) were aligned under one operational unit, General Services. The five General Services’ departments include Printing Services, Addressing & Mailing, Campus Mail,
Office Equipment Services and University Bindery. These five departments are all involved in the production and/or distribution of printed information. General Services’ departments will continue to develop ways to leverage their resources and eliminate duplicative infrastructure and services in an effort to provide internal University departments and colleges the most cost-effective, efficient services possible.

D. ENROLLMENT MANAGEMENT: N/A

E. FACILITIES ISSUES

1. Commonwealth Terrace Air Quality

In winter 2001, a major mold problem was discovered in Commonwealth Terrace (CTC) Phase IV buildings. Conditions currently exist that cause condensation and mold to form on apartment interior walls, corners of ceiling/walls and below the windows. During summer 2002, one building, Building 57, was abated and renovated at an estimated cost of $672,000. Once final costs are available, an assessment of whether the remaining buildings are remodeled, or whether demolition and reconstruction of the units is more financially must be made. Corrective measures, once they are determined, will impact CTC’s capital plan and, subsequently, student rental rates.

2. Housing & Residential Life Fire Safety Upgrades

A comprehensive plan has been in place since 1996 to upgrade sprinkler and fire systems in all residence halls. Sanford (Reno) and Bailey Hall upgrades were completed in FY01 followed by Centennial Hall in FY02. By the end of summer, 2003, all residence hall sprinkler and fire systems upgrades are scheduled for completion.

3. Mayo Parking Garage

Mayo Garage was closed on December 31, 2002 due to significant structural damage including corrosion of the reinforcing steel. Mayo Garage, built in 1951, received over $1.4M in repairs since 1970. Given the current level of deterioration, it was determined that it was not cost-effective to repair the garage. In December 2002, contract holders were relocated to Oak Street Ramp, Washington Avenue Ramp, or East River Road Garage. Mayo will be decommissioned as a parking facility in early 2003. The cost estimate to secure and shore-up the garage so Animal Research can continue to access its current dock located within the garage is unknown at this time. The future use of the facility will be determined at the time Mayo auditorium/building is renovated.
4. Creation of a Williamson Hall Dining Facility

University Dining Services is interested in creating a larger presence on the north side of Washington Avenue. With University Bookstores moving to Coffman Union there is a unique opportunity for developing a new, expanded retail venue in Williamson Hall. Montague’s at Nolte Hall, the only retail food service venue currently north of Washington Avenue, only seats 110 customers and does not begin to meet the needs of the north side of campus. UDS will continue to work with Space Management personnel to determine the feasibility of creating a Williamson Hall dining facility.

5. Bookstore Warehouse Space

The current Bookstore warehouse and office space located in Williamson Hall will need to be relocated once the new CMU Bookstore is fully operational. Central administration committed to replacing both the Williamson Hall offices and the Williamson and Blegen warehouse spaces at no cost to Bookstores. A temporary solution appears to be to move the Williamson operations to the current West Bank Bookstore location. Discussions are underway as to where the new, permanent warehouse space will be located.

6. Consolidation of Superblock Residential Dining Venues

Currently two residential dining facilities serve residence hall students living in the Superblock – Pioneer and Centennial. The Pioneer dining facility is UDS’ oldest facility (non-air-conditioned and very out-dated), and Centennial is newer, air-conditioned, and more updated, but it has a much smaller kitchen. Creating one residential dining facility in the Superblock would create significant operating efficiencies, especially in the area of labor. In FY04, H&RL and UDS will begin to investigate the feasibility of consolidating the two dining facilities into one of the existing facilities or the potential to construct a new, single facility located in the center of the Superblock.

F. FINANCIAL ISSUES

1. Debt Service Obligations: H&RL and PTS

In FY04, with $55 million in debt obligation, approximately $3.8 million of Housing & Residential Life room revenue will be committed to bond principal and interest related expenses. Effective FY04, 16.8% of the room rate for students living on campus will cover the principal, interest and depreciation on Frontier, Middlebrook, and Territorial additions, and the construction of Riverbend Commons. H&RL fall occupancy must remain at above 100% in order to generate sufficient revenues to cover annual operating expenses and debt service obligations.
In FY04, Parking and Transportation Services will have approximately $66 million in debt obligations. Approximately $6 million of PTS annual revenues are committed to servicing debt. The recent replacement of parking surface lots with very expensive parking structures will require continued rate increases for the foreseeable future.

2. FY03-04 Anticipated Rate Increases

Estimated FY04 rate increases for Auxiliary Services units are available in the Report Summary section as are the Auxiliary Services Price Level Changes for 2003-04.

3. University Dining Services Revenues

The University’s current beverage contract directs significant beverage-related funding to initiatives and programs outside of University Dining Services. To a great degree, the financial viability of food service operations depends upon beverage sales/revenues. The future redirection of beverage-related revenues back to UDS operations would positively and significantly impact UDS’ ability to improve campus food quality, upgrade food venues across campus, and increase customer satisfaction with on-campus food service.

4. O&M Funding Issues

Beginning in FY04, the only O&M funding that remains within Auxiliary Services will be within Campus Mail ($552,614). As O&M reductions continue over the next two years or more, the University will need to determine if Campus Mail is an “essential” campus service. If it is “essential”, alternative-funding sources may need to be identified in order to provide a reasonable (effective) level of service to the Twin Cities campus community.

5. U Card Bank Related Royalties

The U Card Office is highly dependent on royalties it receives through the U Card’s banking relationship with TCF. In FY03, approximately 63% of the U Card’s funding ($377K) comes from banking royalties. The University is currently accepting Requests For Proposal for a banking contract commencing January 1, 2004 and ending December 31, 2009 (with options to renew for four (4) additional one year periods.) If the RFP process yields substantially less royalties, or banking related royalties are redirected to other U-wide initiatives, additional funding sources will need to be identified to support U Card Office operations.
6. University Bindery

University Bindery is almost exclusively dependent on University Library revenue. In FY03, 93% of the Bindery's revenue is derived from the Library ($616K). As state funding decreases and Library expenditures are limited, the Bindery will most likely be directly impacted. In an effort to be proactive rather than reactive to changes, it will be critical during the next few years for the Bindery and the Library to develop improved methods of communicating and forecasting workload levels and timeframes.

7. Discontinued Support of AppleTalk

The University’s decision to discontinue support of AppleTalk will have a significant financial and service impact on Printing Services. The change from AppleTalk to TCP/IP requires a combination of hardware and software upgrades to accommodate the change in communication between machines and departments. A new method for customers to send electronic files to Printing Services will also need to be developed. Additionally, staff and departments will have to be retrained to send files with the new electronic application.

G. COMPACT DEVELOPMENT

Auxiliary Services management staff participate in the development and ongoing review of specific department goals, priorities and strategic planning, as well as overall Auxiliary Services initiatives. Departmental staff actively participate in the development annual operating budgets and annual capital budgets. The Auxiliary Services Compact is compiled from staff developed Strategic Business Plans, budgets and departmental documents.

H. DATA PROFILE

Outcome and evaluation measures for individual Auxiliary Services’ units are contained within each unit’s Strategic Business Plan. Strategic Business Plans are available by contacting the individual department director, or by contacting the Associate Vice President, Auxiliary Services. A list of broad-based Auxiliary Services’ indices are located in the Report Summary.

I. REPORT SUMMARY and ALLOCATION SUMMARY

Report Summary

Allocation Summary