



SUBJECT	NECHAKO RESIDENCE AND COMMONS BLOCK (UBC OKANAGAN)
MEETING DATE	FEBRUARY 12, 2019

Forwarded on the Recommendation of the President

APPROVED FOR SUBMISSION

Santa J. Ono, President and Vice-Chancellor

DECISION REQUESTED	IT IS HEREBY REQUESTED that <i>approval be granted for:</i>	
	<p><i>i. BOARD 3 for the UBC Okanagan Nechako Residence & Commons Block project with a final funding release of \$48,950,000 to undertake construction, subject to construction tenders being received at or below budget; and,</i></p> <p><i>ii. an internal loan of up to \$46,633,900 at 6.00% annual interest paid back over 30 years from housing rental revenue and meal plan revenue.</i></p>	
	Revised Capital Budget	\$50,950,000
	Operating Budget	See report
	Revised Schedule Program	
	Award construction contracts	
	Funding Release	\$48,950,000
	Information	
	Expenses to date	\$737,400
	Funding released to date	\$2,000,000

Report Date	January 18, 2019
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Presented By Deborah Buszard, Deputy Vice-Chancellor and Principal, UBC Okanagan
 Andrew Parr, Interim Vice-President Students
 Peter Smalles, Vice-President Finance & Operations
 Rob Einarson, Associate Vice-President Finance & Operations, UBC Okanagan
 John Metras, Associate Vice-President Facilities
 Michael White, Associate Vice-President Campus + Community Planning
 Aubrey Kelly, President & CEO, UBC Properties Trust

<i>If this item was previously presented to the Board, please provide a brief description of any major changes since that time.</i>	<p>Since Board 2 approval in April 2018, the capital cost increased from \$48.19 million to \$50.95 million due to complex mixed-use design requirements as well as construction cost escalation. The latest estimate is based on final design. Value engineering was undertaken to minimize the cost increase. Student Housing reserves are proposed to cover the cost increase to maintain debt financing requirement at the Board 2 level.</p> <p>The Board also approved the official name for the new facility: Nechako. This replaces the original working name (Housing Commons) used in the Board 1 and Board 2 approval requests.</p>
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EXECUTIVE SUMMARY

There is an institutional need to develop additional on-campus student housing at the Okanagan campus to meet current demand and to help realize enrolment targets and anticipated growth. The waitlist for student housing has grown by an average of 180 students per year for the past 4 years reaching 1,046 at the summer peak in July 2018. The rental vacancy rate in Kelowna has dropped from 4% in 2012 to 0.2% in 2018. Kelowna has also experienced the largest increase in rental rates in the country between 2016 and 2017 at 8.6%. Given that 72% of the student population comes from outside the Okanagan region and most first year students from outside the Okanagan (both domestic and international) live in residence in first year, the availability of on-campus housing is important for recruitment. To address this need, the concurrent development of two new student residences – Nechako and Skeena – with a total of 440 beds for first-year students has been initiated. Implementation of both projects will bring UBC Okanagan student housing capacity from 1,680 beds to 2,120 beds, or 28% of student FTE. Board 1 approval for these projects was received in June 2017 in a combined submission. Separate Board 2 approvals were received for each project in April 2018.

The Nechako Residence will be located north of the University Centre on Site 13 identified in the UBCO Campus Plan. The new facility will include 220 Winter Session residence beds in modified traditional format with 2 single bedrooms sharing a bathroom. A commons block component will include a new 500-seat dining hall with central kitchen, plus relocated and consolidated units under Business Operations, including Student Housing Administration, Residence Life and related residence amenities, Conferences and Accommodation, Building Services, Food Services and Parking Services. The dining hall facility is an essential requirement for any additional growth in student housing on the Okanagan campus and will help serve the needs of the overall campus community, including a growing summer use of campus opportunities.

The total capital cost for Nechako Residence is now estimated at \$50.95 million, an increase of \$2.76 million from Board 2. The increase is due to the complex nature of the mixed-use student housing and community amenity facility as well as the effects of construction cost escalation. Contingencies included in the Board 2 budget were insufficient. Significant value engineering measures have been taken to mitigate the cost increase including a major reconfiguration of the grade-separated loading area and basement level service areas which improved space efficiencies and reduced the gross area of the building from 12,762 gsm (137,374 gsf) at Board 2 to 11,960 gsm (128,737 gsf) at Board 3. The project remains on target for LEED Gold certification.

The majority of the capital cost will internally financed over 30 years with debt service paid from student housing rental revenue and meal plan revenue. UBCO will contribute \$1.957 million from its Central Capital Reserves to fund inclusion of Parking Services office and service desk space in the Nechako (\$657k), public realm work to address impact of the loading bay on University Walk (\$900k), and a tunnel connection between Nechako and University Centre (\$400k). The tunnel is a new scope addition to the project that will address a potentially unsafe loading condition that exists with University Centre, and allow servicing for both buildings to leverage the investment in the loading bay area of Nechako. A further \$2.36 million will be provided from existing Student Housing Accumulated Surplus to help address the cost increase and maintain financing requirements at the Board 2 level. This reserve is intended to help address risk issues like this as they arise. Accounting for these contributions, the total amount to be financed is \$46.63 million. Annual debt service cost is \$3.36 million assuming 6.0% interest and 30 year amortization.

The Nechako Residence proforma becomes cash flow positive in Year 26 using 6.0% standard internal interest rate. This is longer than for typical new student residence projects due to the inclusion of business operations units and the dining hall which support not only the 440 new residents but also the existing 1,680 residents, the broader campus community and growing demand for summer conference and camp opportunities. The negative

cash flow until Year 26 can be covered within system-wide Student Housing & Hospitality Services (SHHS) operating budget as is standard practice for all new Student Housing developments. Despite the lengthy period of negative cash flow for this project, the SHHS annual dividend to the University would remain at current levels plus a minimum of 2% annual growth. If the proposal to designate SHHS as a Government Business Enterprise (GBE) is approved, external financing options could be pursued that would result in a lower interest rate and a substantial reduction in the period until the project becomes cash flow positive (11 years at 3.5% interest).

The Nechako Residence project is being managed by UBC Properties Trust. The design consultants are Sahuri + Partners Architecture and Teeple Architects. The project received Board 1 approval on June 14, 2017 and Board 2 approval on April 19, 2018. Construction tenders will be received by the end of January 2019. A conditional Board 3 approval is requested at this time, subject to tenders being received at or below budget, to allow construction to commence quickly following tender review. The project is targeted for completion in May 2021.

Attachments

1. Nechako Residence & Commons Block Site
2. Design Renderings
3. Operating Budget Summary

STRATEGIC CORE AREAS SUPPORTED

- People and Places**

 Research Excellence

 Transformative Learning

 Local / Global Engagement
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DESCRIPTION & RATIONALE **Facility Need**

Student Housing is an important factor in recruitment for the Okanagan campus. With 72% of the campus population coming from outside the Okanagan Valley, the ability to offer residence accommodation is a key factor in successfully recruiting students. In addition to recruitment, Student Housing is also a driver in student retention and matriculation. Institutional research on the value of Student Housing at the Okanagan campus demonstrated that students living on campus in their first year had higher retention rates and higher graduation rates than those who lived off campus. This positive relationship was even greater for international students.

The room inventory on the Okanagan campus currently consists of 1,058 first-year student beds and 622 upper-year student beds (self-contained suites and apartments). With an annual incoming class of more than 2,400 students, many first-year students have had to live in upper year accommodation. The wait list for Student Housing for new students at the summer peak in July 2018 was 1,046, an average increase of 180 students per year over the past 4 years, while the demand for returning students has remained constant. Housing offer acceptance rates have also steadily increased from 50% in 2014 to 86% in 2018. The growing neighbourhood community to the south of campus is helping to support upper year students seeking accommodation, but this inventory has little impact on the demand of first year students. The rental accommodation vacancy rate in Kelowna has dropped from a ten year high of 4% in 2012 to <1% in 2014 – 2018 inclusive.

Development of the proposed Nechako Residence and Skeena Residence projects will increase on-campus student housing capacity from 1,680 beds to 2,120 beds. This increase in student resident population, which will include approximately 1,500 students on meal plan, will necessitate provision of appropriate amenities and services for the on-campus population – similar to that provided in the Totem Park or Place Vanier commons blocks at

the Vancouver campus. The Nechako Residence will include dining room and kitchen facilities, quiet study and informal gathering space, a fitness room as well as casual recreation space such as table tennis and pool tables, music practice rooms, a 24 hour front desk to oversee this space and provide extended services for student residents and a centre gathering / lobby area for summer conference visitors.

A dining room sized to serve 25-30% of the on-campus housing population on meal plan is an intrinsic component of the community building that occurs within first-year student housing. This community building is what helps connect resident students to the campus. This additional dining capacity is also part of an overall food service strategy for the campus to service students (both commuter and resident), faculty, and staff as well as support a more robust service offering for summer conference activities.

Community Impact and Broader Context

Increasing the number of students living on campus further enhances the goals of the institution by reducing the demand on parking, increasing the food service offerings to support the entire campus population, as well as enhancing campus vibrancy, particularly in evenings and on weekends, and increasing student leadership opportunities.

An assessment of Kelowna residential rental housing undertaken by Coriolis Consulting provides the following high level findings regarding the local market:

- Current rental market conditions are tight (very low <1% vacancy, rising rents).
- Total rental housing demand, from UBCO students and general population growth, will rise significantly over the next 10 years.
- While there is a surprisingly large number of market rental units in the proposal stage, overall rental market conditions are expected to remain tight. The Academy Hill development adjacent to the UBCO campus is now close to full build-out.
- There is not likely to be a market situation that would create risk for UBCO of low vacancy or falling rent in existing or new student housing. It is also important to note that UBCO is focusing more on provision of housing for first-year students while allowing the local market to address upper-year student housing demand.

Site

The Nechako Residence will be located on Site 13 in the UBC Okanagan Campus Plan (2015), formerly Site K2 in the UBC Okanagan Master Plan (2009).

This site is located north of the existing University Centre Building and Plaza, at the south end of The Commons Field. The Campus Plan identifies Site 13 for a new commons building, envisioned as a natural extension of the existing University Centre, with the primary goal of providing a home for a number of complimentary campus activities, including new co-located student services. The Campus Plan also includes the possible consideration of mixed-use projects and increasing the number of building storeys as opportunities to provide additional housing capacity. Utility services are available (with confirmation for gravity systems) in close proximity on University Way, University Walk and International Mews.

Grade-separated loading access will be provided from the east underneath University Walk to minimize impact on pedestrian access and circulation.

The site was reviewed for the revised program and approved by the Site Selection Committee on Jan 16, 2017. The recommended site will contribute to co-location opportunities and is generally consistent and compatible with adjacent University Centre and residence buildings. The project will contribute substantively to the definition and animation of the open Commons field to the north, as well as to the University Centre Plaza, University Walk and International Mews.

Functional Program

The Nechako Residence will include a 2-storey commons block with 4-storey Winter Session student residence on top and will include the following program elements:

Student housing

- 200 units: 210 rooms in modified traditional units (105 x 2 bedrooms sharing a bathroom); 4 single units (1 bedroom with bathroom); and 6 accessible single units (1 bedroom with bathroom). These beds and the related amenities will also support growing summer use of campus opportunities.

Residents Common Block/Housing support

- 500-seat Dining Hall, Convenience Store (1,200nsf)
- 24-hour access for students living in residence to social amenities and study space.
- 24-hour services at Student Housing and Conferences front desk for both resident students and seasonal hotel check-in
- Parking Services offices

The gross building area has been reduced from 12,762 gsm (137,374 gsf) at Board 2 to 11,960 gsm (128,737 gsf) as a result of space efficiencies and program modifications identified through the value engineering (VE) process. Reductions and changes in building area following the VE process and ensuing design revisions were a result of:

- Agreement among stakeholders to reduce or eliminate some program requirements from the building for cost savings. The most significant of these changes was the elimination of the interior loading dock area.
- Agreement among stakeholders to co-locate some administrative functions, including co-location of some Parking Services functions with SHHS administration.
- Adjustment of building plans to suit the revised building footprint and structural layout.
- Identification of duplicate or redundant program areas in the original functional program.

The changes are shown in the table below.

Nechako Residence Program	Board 1		Board 2		Board 3	
	Sq metres	Sq feet	Sq metres	Sq feet	Sq metres	Sq feet
1 Main Entry, Dining Hall, Convenience Store	1,793	19,304	1,793	19,304	1,633	17,577
2 Secondary Entry and Student Commons	978	10,524	988	10,635	1,079*	11,614
3 Parking Services	31	328	31	328	32	344
4 Student Housing and Hospitality Services	380	4,086	380	4,086	576*	6,200
5 Shared Staff Support and Amenities	127	1,369	127	1,369	64	689
6 Nechako Residence Residence	4,122	44,372	4,122	44,372	4,151	44,681
7 Service Entry, General Bldg Support, End of Trip	363	3,912	793	8,536	292	3,143
Program Area (Net)	7,794	83,895	8,234	88,630	7,826	84,241
Gross - Up	4,286	46,128	4,528	48,744	4,134	44,496
Total Areas (Gross)	12,080	130,023	12,762	137,374	11,960	128,737

*note that increased areas for these programs are accounted for by the fact that 'net' areas noted for these programs also include a significant portion of necessary building and internal circulation space, which would normally be captured in gross-up.

NSM – net square metres GSM – gross square metres
 NSF – net square feet GSF – gross square feet

BENEFITS

Learning, Research, Financial, Sustainability & Reputational

The Nechako Residence will provide the following benefits:

- New residence beds to address growing demand for on-campus student housing and to support student recruitment and retention.
- Enhanced campus life environment and services which will help students succeed academically and socially.
- A new dining facility to serve the needs of existing and new student residences as well as the overall campus community.
- Consolidation of business service units which will free building space for other beneficial uses. For example, the residence cityhome currently occupied by Parking Services can be returned to the rental pool.
- Reduced commuter traffic to and from campus.

Sustainability Benefits

- This project aims to reinforce UBC’s position as a leader in sustainability by meeting LEED Gold certification as per UBC and Provincial government policy.
- The District Energy System (DES) will provide a substantial portion of the heating and cooling from an aquifer exchange. This closed loop system allows energy sharing between buildings for heating and cooling.
- The Nechako Residence building will be designed to meet specific energy use intensity targets (EUI) and be 100% compatible with the DES.

- The dining room will offer a more advanced and flexible food service area that can more easily accommodate local and regional food opportunities.
- A significant student resident gathering area ('hub') and a front desk that is operated on a 24 hour basis provides more opportunity for student resident gathering and relationship-building in a safe space (social sustainability).

RISKS
Financial,
Operational &
Reputational

Potential project risks and risk mitigation strategies include:

- Capital Cost – Construction cost risks will be managed through provision of contingency and cost allowances as well as coverage under the Retained Risk policy, though current market conditions still contain risk until contracts are fixed.
- Rental Occupancy – Occupancy risks associated with this project are limited as demand for student housing is well in excess of current supply. The wait list for UBCO student housing by returning students in July 2018 was 1,046. An independent assessment of the local residential rental market (by Coriolus Consulting) indicates that the overall rental market, with current <1% vacancy rate, is expected to remain tight and there is not likely to be a market situation that would create risk for UBCO of low vacancy or falling rent in existing or new student housing.
- Dining Capacity – The Nechako Residence project with new dining hall must be completed to provide meal plan capacity for the increased student resident population resulting from the Nechako Residence and Skeena Residence projects.
- Financing Capacity – Treasury has confirmed that there is sufficient liquidity to provide internal financing for this project. The financing for the Student Housing portion of the project will come from the Student Housing Financing Endowment (SHFE). The Commons Block portion of the project will be financed from working capital.

COSTS
Capital & Lifecycle
Operating

Revised Capital Budget

The total capital cost for Nechako Residence is now estimated at \$50.98 million, an increase of \$2.76 million from Board 2. The increase is due to the complex nature of the mixed-use student housing and community amenity facility as well as the effects of construction cost escalation. Contingencies included in the Board 2 budget were ultimately insufficient. Significant value engineering measures have been taken to mitigate the cost increase including a major reconfiguration of the grade-separated loading area and basement level service areas which improved space efficiencies and reduced the gross area of the building from 12,762 gsm (137,374 gsf) at Board 2 to 11,960 gsm (128,737 gsf) at Board 3.

Project Capital Cost Breakdown	Cost \$ Board 1	Cost \$ Board 2	Cost \$ Board 3
Construction Costs			
Construction*	\$29,649,000	\$29,649,000	32,386,704
Expanded public realm and loading bay		1,500,000	1,500,000
Design improvements (CLT ceiling, expanded glazing)		1,400,000	1,400,000
Contingency	1,250,000	1,368,100	1,975,000

Project Capital Cost Breakdown	Cost \$ Board 1	Cost \$ Board 2	Cost \$ Board 3
Cash Allowances			
Public Realm	750,000	750,000	750,000
Site Servicing	500,000	500,000	500,000
Kitchen/Convenience Equipment	1,200,000	1,200,000	1,200,000
FF+E	1,000,000	1,000,000	1,000,000
Audio Visual	250,000	250,000	250,000
Soft Costs			
Consultant Budget	2,600,000	2,600,000	2,600,000
Project Management	1,902,500	2,100,000	2,100,000
Preconstruction/Permits/Insurance	850,000	850,000	1,250,000
Building Subtotal	39,951,500	43,167,100	45,161,704
GST	667,000	723,900	826,333
Building Total	40,618,500	43,891,000	45,988,037
Extraordinary escalation 2017 / 2018 above 2.5%		3,000,000	3,500,000
Construction Period Financing	861,000	861,000	974,963
Retained Risk	400,000	438,900	487,000
Project Total	\$41,879,500	\$48,190,900	\$50,950,000
Cost of residence component	\$19,463,395	\$20,681,400	\$21,862,644
Cost of commons component	\$22,416,105	\$27,509,500	\$29,087,356
Number of Residence Beds	220	220	220
Gross building area (sf)	130,023	137,374	128,693
Cost/bed	\$88,470	\$94,006	\$99,376
Cost/sf	\$322	\$351	\$396

* Construction cost now includes proposed tunnel between Nechako and University Centre.

Revised Operating Budget

Operating and maintenance costs for the building will be covered by SHHS through student housing rental revenue and meal plan revenue. The SHHS operating budget for the Nechako Residence, including debt servicing, is provided in Attachment 3.

FINANCIAL Funding & Financing

Funding Sources, Impact on Liquidity

The majority of the capital cost will internally financed over 30 years with debt service paid from student housing rental revenue and meal plan revenue. UBCO will contribute \$1.957 million from its Central Capital Reserves to fund inclusion of Parking Services office and service desk space in the Nechako (\$657k), public realm work to address impact of the loading bay on University Walk (\$900k), and a tunnel connection between Nechako and University Centre (\$400k). The tunnel is a new scope addition to the project. A further \$2.36 million will be provided from existing Student Housing Accumulated Surplus to help address the cost increase and maintain financing requirements at the Board 2 level. This reserve is intended to help address risk issues like this as they arise. Accounting for these

contributions, the total amount to be financed is \$46.63 million. Annual debt service cost is \$3.36 million assuming 6.0% interest and 30 year amortization. Sufficient liquidity has been allocated for internal financing. The Student Housing portion of the debt, shown in the table below, will come from the Student Housing Financing Endowment (SHFE) while the Commons Block portion of the debt will be financed from working capital.

Project Component	Capital Cost	UBCO Capital Reserve Funding	UBC Student Housing Reserve Funding	UBC Internal Loan (6%, 30 yr)	Annual Debt Service
Student Housing	\$21,862,644	\$0	\$1,181,244	\$20,681,400	\$1,487,945
Commons Block	\$29,087,356	\$1,957,000	\$1,177,856	\$25,952,500	\$1,867,180
Total	\$50,950,000	\$1,957,000	\$2,359,100	\$46,633,900	\$3,355,125

The proforma for the Nechako Residence project (provided in Attachment 3) becomes cash flow positive in Year 26 using the standard internal interest rate of 6.0%. This is substantially longer than typical new student residence projects due to the inclusion of the business operations units and the dining hall which support not only the 440 new residents but also the existing 1,680 residents, the broader campus community and growing demand for summer conference and camp opportunities.

The negative cash flow until Year 26 can be covered within the overall system-wide Student Housing & Hospitality Services (SHHS) operating budget as is standard practice for all new Student Housing developments. Despite the lengthy period of negative cash flow for this project, the SHHS annual dividend to the University would remain at current levels plus 2% annual growth.

If the proposal to designate SHHS as a Government Business Enterprise (GBE) is approved, external financing options could be pursued that would result in a lower interest rate and a substantial reduction in the period until the project becomes cash flow positive (11 years at 3.5% interest).

SCHEDULE Revised Schedule
Implementation Timeline

Project Milestone	Board 1	Board 2	Board 3
UBCO DVC Direct Reports Exec 1	Mar 11, 2013	Jun 13, 2014	Jun 13, 2014
Executive 1	Mar 25, 2013	Jun 17, 2014	Jun 17, 2014
UBCO DVC Direct Reports Exec 2	Oct 28, 2014	Oct 28, 2014	Oct 28, 2014
Executive 2	Nov 7, 2014	Nov 7, 2014	Nov 7, 2014
UBCO DVC Direct Reports Exec 3	Feb 20, 2017	Feb 20, 2017	Feb 20, 2017
Executive 3	Mar 7, 2017	Mar 7, 2017	Mar 7, 2017
Architect Shortlisting	Mar – Apr 2017	Mar – Apr 2017	Mar – Apr 2017
Board 1	Jun 2017	Jun 2017	Jun 2017
Board 2	Dec 2017	Apr 2018	Apr 2018
Board 3	Apr 2018	Sep 2018	Feb 2019
Construction Start	Apr 2018	Sep 2018	Feb 2019
Occupancy	Aug 2020	Jan 2021	May 2021
Board 4	Sep 2022	Jan 2023	Jan 2023

CONSULTATION Campus Planning & Development Review

Relevant Units,
Internal & External
Constituencies

Campus Planning & Development (CP&D) at the Okanagan campus assessed the project conformance with the UBC Okanagan Campus Plan (2015) and the accompanying Design Guidelines, other campus plans and policies, and municipal zoning for the campus, and for providing the campus community with the opportunity to review and comment on the schematic design. CP&D Preliminary Development Approval has been granted. Final Development Approval will be provided pending confirmation of final design details related to energy performance, mechanical/electrical design, landscaping, rainwater management and building signage. Further approvals by Transport & NAV Canada, Fortis Electric (SRW) and the City of Kelowna (Building Permit) will also be required as is standard practice.

Prior Approvals

Executive 1 approval was granted for the original Nechako Residence concept on June 17, 2014. Executive 2 approval was granted on November 7, 2014 and Executive 3 approval was received on March 7, 2017. Board 1 approval was received on June 14, 2017 and Board 2 approval was received on April 19, 2018. Working drawings and tender document have been completed and issued for tender. Tenders are expected to be received by the end of January 2019.

Project Team

UBC Properties Trust is managing the project. The design consultants are Sahuri + Partners Architecture and Teeple Architects. The construction manager is Sawchuk Developments.

UBCPT COMMENTS Complete for all reports that include a property component	Review Date	January 17, 2019	Signed off by	Aubrey Kelly
		N/A		

Previous Report Date	April 19, 2018
Decision	<p>Board 2 approval for Housing Commons (now Nechako Residence) with authorization to issue development permit and a funding release of \$1,000,000 to complete working drawings and tender documents.</p> <p>Revised Capital Budget: \$48,190,900 Revised Operating Budget: See report Revised Schedule Program Authorization to Issue Development Permit Proceed to Working Drawings & Tender Funding Release: \$1,000,000</p> <p>Information: Expenses to Date: \$121,371 Funding Released to Date: \$1,000,000</p>
Action / Follow Up	Issue development permit. Complete working drawings and tender documents.
Previous Report Date	June 14, 2017
Decision	<p>Board 1 approval Housing Commons and Skeena Residence with a funding release of \$1,500,000 to commence schematic design.</p> <p>Preliminary Capital Budget: \$61,343,000 Preliminary Operating Budget: See report Schedule Project in Principle Location Consultant Selection Program Proceed to Schematic Design Funding Release: \$1,500,000</p> <p>Information: Expenses to Date: \$0 Funding Released to Date: \$0</p>
Action / Follow Up	Initiate schematic design.

Attachment 1 – Nechako Residence & Commons Block (Housing Commons) Site



Attachment 2 – Nechako Residence & Commons Block Design Renderings



VIEW OF DINING HALL (LOOKING EAST TOWARD DINING ENTRY)



VIEW OF FRONT DESK FROM WEST

Attachment 3 – Operating Budget Summary

UBC Student Housing & Hospitality Services - UBCO Housing Commons Residence (In-House Food Model & 8 month rental)				
	2022	2023	2046	2047
Revenue				
Rental Income ¹	\$ 316,800	\$ 1,615,680	\$ 2,547,765	\$ 2,598,720
Rental Income - existing ²	\$ -	\$ 584,909	\$ 922,342	\$ 940,789
Meal Plan Income ³	\$ 687,610	\$ 2,003,892	\$ 3,159,936	\$ 3,223,135
Meal Plan Income - existing ⁴	\$ -	\$ 869,842	\$ 1,371,653	\$ 1,399,086
Meal Plan CIF ⁵	\$ 85,625	\$ 187,750	\$ 187,750	\$ 187,750
Conferences Income ⁶	\$ -	\$ -	\$ -	\$ -
Rental Vacancy @ 1%	\$ (3,168)	\$ (16,157)	\$ (25,478)	\$ (25,987)
Total Revenue	\$ 1,086,867	\$ 5,245,916	\$ 8,163,968	\$ 8,323,492
Expenses				
Operating Costs - new units @ 22%	\$ 69,696	\$ 355,450	\$ 560,508	\$ 571,718
Food Delivery Costs @ 90%	\$ 618,849	\$ 2,586,360	\$ 4,078,430	\$ 4,159,998
Housing Utilities - new units @ 5.5%	\$ 17,424	\$ 88,862	\$ 140,127	\$ 142,930
Cable & Resnet - new units @ 3%	\$ 9,504	\$ 48,470	\$ 76,433	\$ 77,962
Total Direct Expenses	\$ 715,473	\$ 3,079,143	\$ 4,855,498	\$ 4,952,608
Direct Cash Flow	\$ 371,394	\$ 2,166,773	\$ 3,308,470	\$ 3,370,884
Debt Service - Housing ⁷	\$ 619,977	1,487,945	1,487,945	1,487,945
Debt Service - Amenity portion ⁷	\$ 466,795	1,867,180	1,867,180	1,867,180
	\$ 1,086,772	\$ 3,355,126	\$ 3,355,126	\$ 3,355,126
Total Cash Flow	\$ (715,378)	\$ (1,188,353)	\$ (46,656)	\$ 15,759
<p>1 - The 8-month academic rental period rate for 220 new Modified-Traditional beds within the Housing Commons is anticipated to be \$900 for January 2021. Rental increase is 2% per annum thereafter.</p> <p>2 - The rental rate for the 896 existing Modified-Traditional beds will be increased to \$877 in 2021, in connection with this project.</p> <p>3 - The average annual Residential Meal Plan price for the 440 new beds from the UBCO Skeena and Commons Residences is assumed at \$4,465 for an 8-month term starting January 2021. Meal Plan increase is 2% per annum thereafter.</p> <p>4 - The Meal Plan rates will be adjusted for 1,062 existing bed spaces that require a Meal Plan, in connection with this project.</p> <p>5 - A Capital Improvement Fund (CIF) of \$125 per year on each Meal Plan sold is proposed to help pay for upgrades to UBCO Dining facilities.</p> <p>6 - Assumes no marginal summer conference occupancy as a result of current Summertime availability.</p> <p>7 - Assumes financing at a net effective rate of 6.0% amortization over 30 years.</p>				