MEMO

From the office of the...

MSU President & Vice-President (Finance)

TO:	Student Representative Assembly
FROM:	Justin Monaco-Barnes, President & Ryan MacDonald, Vice-President (Finance)
SUBJECT:	A&R Expansion + Student Activity Building Referendum Motion
DATE:	November 7th, 2016

Student Representative Assembly,

At SRA 16I, on October 30, 2016, Ryan and I presented a plan that could change the future of McMaster University student life with the introduction of a restructuring of the Athletics & Recreation activity fee and the creation of an expansion to DBAC and a Student Activity Building as an addition to IWC. This plan by no means is a small change to student fees and represents significant increases, however we are absolutely confident that this plan presents incredible value to students and for many Pulse users or those who own a gym membership will actually save them money.

WHY?

The reality is clear - we are in dire need of student space on campus. Both MUSC and DBAC were designed for a student population of 15,000 where currently our undergraduate population is over 22,000. 80% of students identified student space as their number one priority in the MSU's 2015 space survey, and most recently 90.27% of students who participated in the MSU student space focus groups indicated informal student lounge and study space was in their top ten priority list. 64% of Pulse users indicated that space was the number one issue and potential improvement for the Pulse.

Further, with respect to the activity fee - we are one of very few universities across the province that does not include a gym membership and further and no longer have the means to be able to support our extramural athletic club teams. I was elected on a platform of expanding the Pulse, and while this is

my top priority - we as an organization and a student community need to work to address a variety of important student-focused challenges and this plan is aimed at making that happen.

HOW?

We are proposing two separate fee increases packaged into a single referendum question. This is important because the fee structure only works in complement as both university contribution and operating expenses must be considered under both proposals.

OPTION A

Service Fee

- A $95 increase to the *Athletics & Recreation Activity Fee in* 2017/2018
- A $10 additional increase to the *Athletics & Recreation Activity Fee* in the year the project is complete

Capital Fee

- An increase of $3.95 per unit, up to a maximum of 30 units ($118.50), for the *David Braley Athletic Complex Fee to* commence in the year the project is complete
- And to continue the existing *David Braley Athletic Complex Fee*

BENEFITS

- Included 12 month Pulse membership and elimination of the Pulse user fee for full time undergrads (Current fee: $144-8 month, $192-12 month)
- 50% Discount on intramural
- 50% Discount on yoga/Pilates
- Funding + Support for A&R extramural clubs
- Extended Pulse hours to 12:30AM Monday-Friday and 10:30PM Saturday-Sunday
- 60,000 square foot athletics & recreation expansion
- Additional recreation gym
- New cardio loft
- Women's only fitness space (immediate upgrade)
- 40,000 square foot student activity building
- Multi-faith prayer space
- Study space expansion
- Student lounge space
- Event space
- Space designed by you, for you.

OPTION B

Service Fee

- A $95 increase to the *Athletics & Recreation Activity Fee in* 2017/2018
- A $10 additional increase to the *Athletics & Recreation Activity Fee* in the year the project is complete

Capital Fee

- $1.97 per unit, up to a maximum of 30 units ($59.10), for the *David Braley Athletic Complex Fee to* commence in the year the project is complete
- And to continue the existing *David Braley Athletic Complex Fee*

BENEFITS

- Included 12 month Pulse membership and elimination of the Pulse user fee for full time undergrads (Current fee: $144-8 month, $192-12 month)
- 50% Discount on intramural
- 50% Discount on yoga/Pilates
- Funding + Support for A&R extramural clubs
- Extended Pulse hours to 12:30AM Monday-Friday and 10:30PM Saturday-Sunday
- 60,000 square foot athletics & recreation expansion including 224% increase in existing Pulse space.
- Additional recreation gym
- New cardio loft

- Women's only fitness space (immediate upgrade)

ATHLETICS & RECREATION EXPANSION

Student Value

Currently, over 11,000 undergraduate McMaster students are members of The Pulse fitness centre. This represents approximately 50% of all MSU members. The University of Guelph recently shifted from an elimination of the user fee to their gym and saw a 67% increase in usage. If that same statistic held at McMaster we would see approximately 85% of all MSU members are regular users. Currently the 12 month Pulse member fee for students is $192. This is a shift from $177 in 2011/2012 an increase of about 10%. If we see that increase to about $211.20, by the time this increase happens, students will be paying just an additional $12 for a new student activity building, a new rec gym as well as discounts for intramural and yoga classes.

Financial Highlights

$1.1 MILLION ANNUAL CONTRIBUTION

The University will be providing $1.1M in annual operating costs for the student space to the project.

40 YEAR MORTGAGE

Students will be contributing to this project until the year 2060 to keep the per individual student cost low. Students will contribute $260.10 annually between old and new DBAC fees.

$60 MILLION DOLLAR TOTAL CAPITAL PROJECT

The total cost of the project in today's dollars will be about $60 million dollar.

5.75% INTEREST RATE

The University will have to borrow the money against student fees at the University's weighted cost of capital.

TOTAL INCREASE OF $223.50
Between the service fee and the increase to the building fee. Students will be asked to increase their fees by an additional $223.50 when the building opens.

ONE QUESTION, 2 FEES
This project depends on both the fee increase to the building fee and the service fee. Therefore the question will be asking for two fee increases.

CURRENT INCREASE VS. FUTURE INCREASE
If the referendum is successful current students will see the program benefits increase by $95 in 2017/2018 and $223.50 in 2020/2021.

$259.09 CURRENT CONTRIBUTION
Students currently contribute $259.09 between the A&R service fee and the DBAC capital fee.

Frequently Asked Questions

WHAT ARE STUDENTS VOTING ON?
Students are voting on two options to improve student life at McMaster.

OPTION A
SAB + PULSE : 2016 TOTAL FEES - $259.98
SAB + PULSE : 2017 TOTAL FEES - $354.98
SAB + PULSE : 2020 TOTAL FEES - $483.48

OPTION B
PULSE: 2016 TOTAL FEES - $259.98
PULSE: 2017 TOTAL FEES - $354.98
PULSE: 2020 TOTAL FEES - $423.19

WHY ISNT THE UNIVERSITY CONTRIBUTING MORE?
Under the proposed model the University is contributing $1.1 Million dollars annually to cover the operating expenses of the student space. Currently the University has invested $170 Million into the Living and Learning Centre, a student focused project.

DOESNT THIS ONLY REALLY BENEFIT STUDENTS WHO USE THE PULSE?
This project is designed with every student in mind. University of Guelph eliminated their user fee in a student referendum similar to this fashion and saw a 67% increase in usage. At McMaster this would mean 18,370/21,500 or 85% of students.

WHY IWC FOR A STUDENT SPACE?
This is about building a holistic space for students to thrive, combining learning and study environments with recreation and athletics. Further, the existing DBAC capital fee will finish paying for DBAC by 2023 which can be leveraged for the financing of this space.

HOW MUCH DO STUDENTS PAY NEXT YEAR?
Students will be asked to increase their fee next year by a total of $95 and then an additional $118.50 when the expansions open for option (a). For 8 month Pulse users, for the next two years students would save $49 annually and 12 month users $97 annually.

WHAT IS GOING IN THE STUDENT ACTIVITY BUILDING?
It will be a student space designed by students for students. The commitments are for a multifaith prayer space, major unprogrammed student space, event space and a wellness focus. What students want to fill the 40,000 square feet with is up to them.

DO VARSITY STUDENTS BENEFIT?
Athletics and Recreation is currently in a $600,000 deficit and cannot support any of its departments to the fullest extent. With a re-alignment of the student fee to match increased demand in the Pulse, and a new CAF agreement, student leaders will have input where new funding goes, including potentially to support some varsity programs.

WHY CAN'T THE SERVICE FEE & CAPITAL FEE BE SEPARATE QUESTIONS?
The fees were designed in this plan's infancy to coincide and work in tandem. We cannot expand the Pulse without increased demand and we cannot increase demand without sufficient space.

WHAT HAPPENS TO THE EXISTING DBAC FEES?
The existing DBAC building fee is incorporated into this plan once it is retired in 2023. The intention is that if there is no plan put in this place and this referendum is unsuccessful, all but 50% of the operating expenses will be removed from the fee schedule.

WHAT HAPPENS WHEN THE PROJECT IS UNDER CONSTRUCTION?
There is an plan designed to give current students value in the interim when the construction phase happens. This will include a modifying Smith/East Auxiliary Gym into a temporary Pulse, renting community gyms for intramurals and extending DBAC hours.

WHAT HAPPENS TO THE FEE IF THE PROJECT IS DELAYED?

The commitment from the university is that the second tier of fee increases totalling $118.50 if option (a) is approved will not commence until the year the buildings open, regardless of project timeline.

WHO MANAGES THE SPACES?

The Athletics & Recreation expansion will be managed by the Athletics and Recreation department overseen by the Student Services Subcommittee on Athletics and Recreation. The Student space will be managed through an MOU jointly signed between the MSU and the University.

Please visit www.msumcmaster.ca/president to view the whole presentation,

Please let us know if you have any questions,

Justin Monaco-Barnes
President & CEO

Ryan MacDonald
Vice President (Finance) & CFO