Town Hall Meeting:
Proposed Parking Concession

Geoff Chatas
Senior Vice President
Chief Financial Officer

March 8, 2012
Process Update
Transaction Rationale

Parking: Getting Down to Basics

- Student scholarships $75 million for all students, including health sciences
  - reduce student loans
  - improve access to education

- Support for Arts and Humanities and other critical areas $50 million
  - enhance the Arts and High Street corridors
  - update aging arts facilities

- Tenure track faculty $200 million
  - reduce classroom sizes
  - increase student mentoring
  - add more faculty time in the classroom, including faculty in health sciences

- Improved transportation and campus accessibility $75 million
  - maintain and enhance CABS service
  - decrease traffic on campus and create a more pedestrian-safe environment
Four Qualified bidding teams are currently conducting due diligence on the University’s parking system

- **Mid March:** Circulation of Updated Concession Agreement
- **Early April:** Bidder Submission to Concession Agreement
- **Late April:** Release Request for Proposals
  - Release Final Concession Agreement
- **Late May:** Final Proposals Due
OSU Community Involvement

• University Town Hall Meetings

• Process Website

• Parking Advisory Committee (13 members)
  – Faculty
  – Students
  – Staff
  – Board of Trustees
  – Administration
Parking Advisory Committee

Geoff Chatas  Senior Vice President for Business and Finance and Chief Financial Officer
Javaune Adams-Gaston  Vice President for Student Life
Larry Anstine  Executive Director, Ross Hospital
Chris Culley  Senior Vice President & General Counsel
Vijay Gadepally  President, Council of Graduate Students
Brad Harris  Senior Fiscal Officer – College of Arts & Sciences
Jay Kasey  Senior Vice President for Admin & Planning
Heather Link  Chair, University Staff Advisory Committee (USAC)
Kathleen McCutcheon  Vice President – Human Resources
Nick Messenger  President, Undergraduate Student Government
Jim Rathman  Chair, Faculty Council
Robert Schottenstein  Member, OSU Board of Trustees
Bruce Weide  Professor, Senate Fiscal Representative
Key Concession Points
What is a Concession Agreement?

• The “Concession Agreement” is a contract between a public agency/government (in this case OSU) and a private sector entity (the winning Concessionaire).

• The Concession Agreement details the rights and responsibilities of both parties (OSU and the Concessionaire).

• In addition, the Operating Standards portion of the Concession Agreement includes specific requirements for how the parking system must be operated and maintained.

• OSU will retain ownership with a right to reclaim the assets if the Concessionaire does not meet certain standards.
1. Concession Economics

- Assets Included: University garages, lots and street meters
- Term: Maximum of 50 years
- Rates: Maximum of 7.5% for years 1-10 and the greater of 4% or CPI thereafter
- Minimum bid set at $375 million
- Upfront payment will be received by OSU for reinvestment in University’s core academic mission
2. Continued OSU Control & Flexibility

• The Concessionaire and OSU will collaborate on all special events

• Key special events such as football, move-in and move-out ("Global Events") will continue to be controlled by the University

• University can add/remove parking spaces or construct new facilities, assuming the Concessionaire is ‘made whole’ for significant changes to the parking system

• Concessionaire must get approval before making any major changes to the System:
  – Permit structure
  – Advertising
  – Electric Charging Stations
3. Risk / Responsibility Transfer

**Risk Transfer:**
- Concessionaire bears the risk of future changes in revenues or costs

**Responsibility Transfer:**
- Concessionaire required to operate and maintain the parking system in accordance with an operating standards document (e.g., required safety, cleaning, etc.)
- Concessionaire responsible for all capital expenditures related to the parking system (e.g., repairs to parking garages)
4. Enforcement – Incentives Alignment

• The Concessionaire will assume responsibility for enforcement and adjudication

• However, to ensure that the Concessionaire is properly incentivized to enforce only when absolutely necessary, the University will receive all net revenues from enforcement (revenues from enforcement less cost of enforcing)
Questions?