

**STATE UNIVERSITY SYSTEM OF FLORIDA  
BOARD OF GOVERNORS  
Project Summary  
University of Florida  
Parking Garage XIV**

**Project Description:** The University of Florida (the “University”) currently has 24,172 spaces within its parking system, approximately 14,287 surface parking spaces and 9,885 garage parking spaces. The proposed project, Parking Garage XIV (the “Project”) will be an eight -level parking structure on the campus of the University, and will provide approximately 1,520 parking spaces (1,169 net new spaces on this particular site), as well as associated site and roadway enhancements. The Project will accommodate faculty, students and staff with some metered spaces available for anyone to use. The Project will be managed as part of the University Parking System within which the University rebalances spaces available to students, faculty, and staff each time the inventory of parking spaces is modified.

The purpose of the Project is to accommodate the University’s rising demand for spaces due to enrollment growth and to offset a portion of the surface parking spaces projected to be lost to new building construction projects, which is consistent with the mission of the University. The Project is included in the current Campus Master Plan and is reflected in the approved master plan for the University.

**Facility Site Location:** The Project will be located in the center of campus immediately south of the existing Reitz Student Union on an existing surface lot.

The University conducted extensive site evaluation; ultimately relying on the work of Brasfield and Gore in selecting this location.

**Projected Start and Opening Date:** It is anticipated that construction of the Project will commence in July 2017, and will be completed in January 2019.

**Quantitative Demand And Construction Analysis:** The University community is presently comprised of over 46,000 students, 29,596 full and part-time faculty and staff, and a large number of daily visitors. Currently 32,384 permitted drivers (comprised of 15,105 student vehicles, 16,832 employee vehicles and 447 vendors and contractors) compete for the 24,172 parking spaces. As demand for parking continues to climb, the University is experiencing high utilization in all parking facilities campus-wide.

Over the past three years, peak demand for parking has grown by 3,675 decal issues or almost 13%. The University believes it must plan and respond to an increased demand for parking, a growing campus population and projected loss in parking inventory in close proximity of the academic core of campus. By constructing this replacement parking Project, the University will bring its parking space inventory levels closer to a manageable state.

As a part of the 2015-2025 Campus Master Plan, the University prepared an analysis of its Transportation Element which authorized an additional 2,000 parking spaces. The University's existing inventory of thirteen parking garages accommodate approximately 42% of total university parking. The decal to space ratio currently stands at 1.34, an increase from 1.28 recorded in 2014-15. By 2020-21, the University projects growth in the campus population that will increase the demand for parking decals by an additional 488 and the supply of surface spaces to decline by 959, resulting in a projected decal to space ratio of 1.42 (based on future projections).

Three years ago, the ratio of decals to parking spaces was 1.18, with 4,456 more decals issued than the number of parking spaces. As it stands today, the University's decal to parking ratio is 1.34 or 8,212 more decals issued than the number of parking spaces, a growth in the parking deficit of 84% during this three year period. This demand is the highest for parking within the last 20 years.

**Study of Private Sector Alternatives:**

As a part of its ongoing strategy to review the efficacy of private alternatives, the University engaged the services of Walker Parking Consultants to evaluate the practicality of privately owned and managed parking. Their feasibility review concluded that a privately owned and operated parking option is neither desirable nor cost-effective for the University.

The private sector would presumably finance a parking garage at a higher, taxable interest rate, compared to the University's lower tax-exempt rate. According to the study, a private owner/operator will also be subject to property taxes unlike the University's tax-exempt properties. In addition, the private business will need to make a reasonable profit and according to the study this may result in a minimum charge of \$8 to \$10 per space per day. For a commuting student spending a minimum of three days on campus, this would translate to over \$120 per month in parking costs (approximately \$450 per semester), which is considerably higher than the current decal fee of \$80 per semester.

The University is sensitive to any price increases and aims to keep costs low, particularly for students. The University believes the bond financed garage strategy provides vastly more affordable parking opportunities for all parties involved as opposed to a “for profit” parking option from the private market.

The study also added that with approximately 60% of the University’s parking inventory being low cost, minimal maintenance surface lots, this position allows the University to take a revenue portfolio approach to its operations and spread the cost of the parking structure over its entire parking customer base. The private owner/operator would have to achieve its financial obligations from revenues derived from a single facility making the cost to the customer substantially higher. Walker Parking Consultants determined that the cost differential alone makes a privately owned and operated parking garage unlikely to be supported by the students due to the increased cost.

(See attached Walker Parking Consultants’ Feasibility Review)

**Project Cost and  
Financing Structure:**

The total project cost is \$37.6 million which includes planning, design, construction, equipping, and enhancing costs. The project cost also includes approximately \$2.4 million of roadway enhancements and \$2.5 million for possible façade upgrades due to the prominent location of the garage. The Project, and a debt service reserve account, if deemed needed, will be financed with fixed rate, tax-exempt revenue bonds issued by the Florida State Board of Administration’s Division of Bond Finance, on behalf of the University of Florida, in an amount not to exceed \$37.2 million. The University’s Transportation and Parking Services will make an equity contribution of \$1.3 million, which will fund the garage design and allow the project to advance to construction seamlessly once the bond proceeds become available. The bonds will be structured with 20 amortizations and level annual debt service.

(See attached Estimated Sources and Uses of Funds)

Transportation and Parking Services presently has two outstanding parking garage bond issues. The 1998 bonds will mature in 2018-19, eliminating approximately \$800,000 in annual debt service payments. The University is requesting Board approval to redeem this series early in order to eliminate the debt service related to this series, which they plan to do prior to issuing the proposed bonds.

The 2007 bonds, with \$1,520,000 in annual debt service expense, will mature in 2027-28.

**Security/Lien Structure:** Net parking system revenues will be pledged for the payment of debt service. These revenues are derived primarily from decal fees, parking fines, toll/metered parking, and special event fee income after deducting operating and maintenance expenses. At UF, decal fees are currently \$80 per semester (\$160 per year) and are an optional cost to students. The Pledged Revenues do not include transportation access fee revenues and fines collected by Student Traffic Court. **At this time, UF does not anticipate the need to increase student decal fees in connection with Parking Garage XIV.**

In an effort to secure additional funds needed for the proposed financing, to cover growth in annual operating costs and provide for future capital needs of the system, the University will implement parking decal price increases over a four year period affecting faculty and staff. Of the parking decals issued at peak demand in the Fall 2016 semester, student decals represented 47% of the total decal volume, but only 30% of total decal revenues. The university plans no increases to student decal prices for either 2017-18 or 2018-19. The Fall 2016-17 decal fee is projected at \$160 (no change from 2015-16).

The Bonds will be issued on parity with the outstanding UF Parking Facility Revenue Bonds, currently outstanding in the aggregate principal amount of \$14,865,000.

**Pledged Revenues,  
Debt Service Coverage,  
and Return on  
Investment:**

During the five year period from fiscal year 2011-12 to 2015-16, Pledged Revenues increased from \$4.9 million to \$5.8 million, with debt service coverage growing from 1.58x to 2.52x. This increase was primarily due to an overall increase in decal and reserve space sales.

Pledged Revenues are expected to decline 22% or \$1.27 million to \$4,522,125 in 2016-17, primarily due to an increase in expenses (Maintenance, Materials and Supplies) as the University completes \$500,000 of special projects and begins to increase annual maintenance projects which have been deferred in recent years. Due to the increased expenses, projected debt service coverage for 2016-17 is expected to decrease to 1.96x.

Projected operating revenues are based on the assumption that faculty, staff and commercial decal fees will increase by 7% per year in 2017-18 and 2018-19, then further increasing by 4% per year in 2019-

20 and 2020-21. Visitor and Patient Toll Parking are also projected to increase, growing to \$2.3 million by 2020-21 (currently \$1.7 million).

Expenses have remained fairly stable within the last five years, with minor fluctuations. However, Salaries and Personnel expenses are projected to increase 3% per year beginning 2016-17. Maintenance, Materials and Supplies are projected to grow by 5% per year. In 2016-17, this expense item is projected to increase by 105% or \$1,125,354, as described above. Beginning in 2017-18, Maintenance, Materials and Supplies expenses are expected to be \$1.7 million per year, plus an annual inflation adjustment of 5%.

Pledged revenues for 2017-18 are projected to be \$5,348,000 with debt service coverage estimated to decline to 1.52x as the first interest payment on the proposed bonds is expected to be paid. Pledged revenues over the next three years from 2018-19 to 2020-21 are projected to grow from \$5.8 million to \$6.05 million with debt service coverage projected of 1.3x to 1.36x as the full annual debt service payments on the proposed bonds are realized.

Pledged Revenues and debt service coverage calculations exclude the transportation access fee, which are not pledged to the bonds. The projected debt service coverage ratios have been calculated using an interest rate of 5% on the proposed bonds.

The project is also expected to provide a positive internal rate of return estimated at 1.1%, based upon assumptions provided by the University.

(See attached Historical and Projected Pledged Revenues and Debt Service Coverage)

**Type of Sale:**

The Division of Bond Finance will sell the Bonds through a competitive sale.

**Analysis and Recommendation:**

Staff of the Board of Governors and the Division of Bond Finance has reviewed the information provided by University of Florida with respect to the request for Board of Governors approval for the subject financing. Projections provided by the University indicate that sufficient net revenues will be generated from decal sales, visitor and patient toll parking, fines and other revenues to pay debt service on the Bonds and the outstanding Parking Bonds. It appears that the proposed financing is in compliance with the Florida Statutes governing the issuance of university debt and is in compliance with

the Board of Governors' Debt Management Guidelines. Accordingly, staff of the Board of Governors recommends adoption of the resolution authorizing the proposed financing.