Parking Privatization/Monetization Report
Infrastructure Council
April 23, 2015

A. INTRODUCTION

1. Charge to the Infrastructure Council: The University of Florida is considering the possibility of privatizing and/or monetizing its parking facilities, although no action is planned during the current 2014-15 academic year. The Senate Steering Committee asked the Infrastructure Council to review possible positive and negative impacts of parking privatization relative to the University's Teaching, Research, and Service/Extension missions.

2. Definitions: (derived from http://www.walkerparking.com/our-services/monetization/)

    a. Privatization, Public/Private Partnership, P3, or PPP: Strategy for private financing of public infrastructure projects. Public entity benefits from new infrastructure with little or no capital outlay while private entity benefits through a structured contractual agreement and stipulated investment returns over time. A contractual agreement between a public agency (federal, state or local) and a private sector entity is developed, specifying the ownership and operational risks and responsibilities of the public and private sector entities.

    b. Monetization: A form of a public/private partnership that involves the conversion of existing parking assets into legal tender. The public entity is provided with up front funds and the private entity profits through long-term lease agreements involving the operation and management of parking assets.

3. Chairs of each of the following Contributing Committees were asked to consider the impacts of Parking Privatization/Monetization as it may pertain to their specific committee's purview.

    - Lakes, Vegetation, and Landscaping Committee (J)
    - Preservation of Historic Buildings and Sites Committee (J)
    - Parking and Transportation Committee (J)
    - Land Use and Facilities Planning Committee (J)
    - Sustainability Committee (J)
    - University Libraries Committee (S)
    - Faculty IT Subcommittee

B. BENEFITS OF PRIVATIZATION / MONETIZATION

1. The University of Florida could receive a sizeable up-front cash payment in exchange for a long-term lease agreement. The up-front payment could fund an endowment, which could annually fund teaching, research, and/or service/extension operations in perpetuity, depending on market returns and yearly expenditures. Example: The 50-year agreement between Ohio State and CampusPark included an initial payment of $483 million to the University. Over the duration of the agreement, this is expected to provide $3.1 billion in investment earnings for the University ($50 to $60 million per year). In its first year, Ohio State's long-term investment pool earned an 11.6 percent rate of return (FY13). Approximately $20 million was distributed to support university priorities, including teaching,

learning, research, and transportation. UF's initial payment may be significantly lower than Ohio State's, making this benefit difficult to assess without conducting a detailed market study.

2. Turnover of spaces makes parking profitable. Parking vendor/partner would likely develop phone- and/or computer-based apps to allow for real-time tracking of spaces available in lots on campus, which may improve ability of students/faculty/staff/visitors to find open spaces.
3. If there are financial incentives to promote the construction of new facilities and/or specific contractual requirements to provide new facilities, privatization might increase the availability of parking spaces.
4. Possible increases in parking costs may increase the number of privately-developed off-campus parking spaces available.

C. NEGATIVE IMPACTS OF PRIVATIZATION / MONETIZATION

1. Many agreements (including Ohio State's) tie permit cost increases to various indexes of inflation. Given that salaries often do not keep pace with inflation, there is the likelihood that permit costs will increase as a percentage of salaries over time.
2. To provide a financial benefit for private partners, there is the assumption that annual increases with privatization would need to be higher than if no private partner was involved. These annual increases would impact all parking users, including faculty, staff, students, and visitors.
3. There is the possibility that parking regulations will extend from current daytime hours into nighttime hours and/or weekend hours as well. This will increase costs for students/faculty/staff who participate in evening courses and/or live on campus.
4. The possible alteration of existing lots to incorporate toll booths and/or gates may reduce the total number of spaces available.
5. Outsourcing of parking management and operations may reduce the opportunity for faculty involvement and/or shared governance in key areas of transportation and parking services.
6. Contractual obligations may limit the opportunity for the university to adjust land use over time if/as required to support changes in the teaching, research, or service/extension missions of the university. The University's current master plan process provides for a ten-year planning horizon, where privatization may effectively require a 50-year planning horizon, at least with respect to parking infrastructure.
7. The possible reclassification of existing parking spaces from one permit type to another and/or the creation of new permit types may increase the costs of parking in certain areas of campus.
8. Privatization will reduce or eliminate certain public jobs and create new private work opportunities. There is some concern about social equity and possible negative impacts on those members of our community directly or in-directly affected by this shift from public to private management. Private employees may have reduced benefits and/or part-time rather than full-time work opportunities. Some jobs may be eliminated entirely.
9. Because parking is currently managed by the University directly, employees benefit from pre-tax payroll deductions to pay parking permit costs. Private management of parking resources may eliminate this benefit, leading to increased expenses for faculty and staff.

D. OPEN QUESTIONS AND/OR NOTES

1. Privatization may consist of a considerable range of different kinds of financial relationships. Questions about scope of operational responsibilities, administrative management, facility maintenance (structural, aesthetic, drive surfaces, stairs, elevators, electrical, equipment, landscaping, etc.),

safety/policing, and lighting/energy use are some of the many questions that will require precise clarifications in any agreement.

2. There are open questions about the administration of parking as it pertains to large campus/community events, including home football games, concerts/events, etc. The current relationships between UF and the University Athletic Association may need to be revisited in the drafting of an agreement.
3. There are questions about existing departmentally-controlled parking spaces, which would need to be considered in drafting of an agreement.
4. Should UF seek to pursue this kind of public/private partnership, the development of an agreement should include significant faculty participation and review. Note that the complete, executed Ohio State agreement is 810 pages in length.
5. Privatization will require precise surveys and delineation of parcels to be leased to private partner. This is easy for larger, consolidated parking areas but will be more complex for the many smaller, distributed parking areas on campus. Each lease area will require a certified survey and legal description for attachment to an agreement. The Ohio State agreement includes 369 pages of surveys and legal descriptions of parcels.
6. The Campus Master Plan recognizes that on-campus parking for vans and mobile laboratories are essential to the educational, research, and/or service missions of the University. A privatization arrangement will need to address parking for these, including maintaining current fee waivers and/or excluding certain parking spaces from the total inventory of spaces to be managed privately.
7. Based on other similar agreements, payment of liquidated damages by the University to the private vendor is often required if the University takes any actions that may reduce parking demand on campus. If UF Online becomes more successful over time and/or technological improvements such as self-driving cars are more widely available, there is some risk that additional compensation will be due to the private vendor, depending on the structure of any agreement.

E. FINDINGS AND RECOMMENDATIONS

1. The issues of parking privatization/monetization are complex and they affect almost every member of our University community in some way. It is important that future discussions of these issues and/or the vetting of specific agreements include the input of a wide cross section of the University community.
2. Should the University move forward with parking privatization/monetization, we would recommend that specific proposals be reviewed by the Infrastructure, Welfare, Budget, and Research and Scholarship Councils and their reporting Committees. It may also be appropriate for the findings and recommendations of these Committees and Councils to be presented to the Faculty Senate for information and action, prior to execution of an agreement with a private vendor.
3. The Infrastructure Council and its Contributing Committees are not able to assess the financial viability of parking privatization/monetization. This work would require the specialized input of professionals skilled in this area. We would encourage involvement by other faculty groups and committees, especially the UF Budget Council.

End of Parking Privatization/Monetization Report.