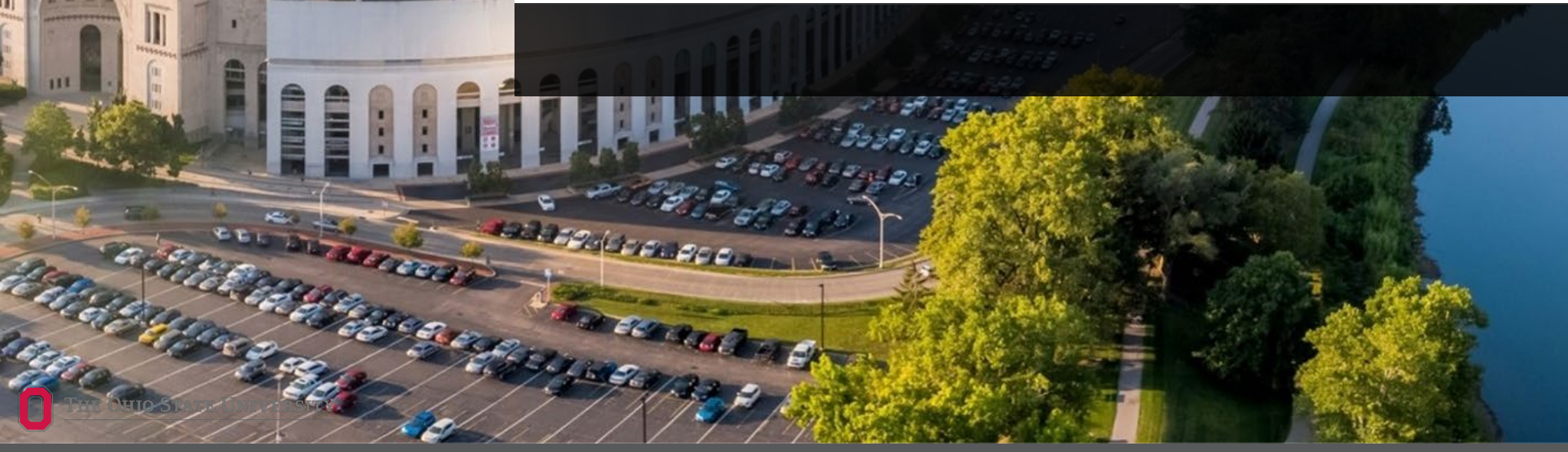




Campus Parking Under a P3



Learning Objectives

- Define a P3
- Explore the motivation for the different parties who entertain this type of arrangement
- Discuss the impacts to the parking & transportation system
- Describe lessons learned for each party
- Identify best practices that have developed through this arrangement

Background



Monetizing an Asset

"Monetize" refers to the process of turning a non-revenue-generating item into cash (*Investopedia.com*)

University talking points regarding the purpose of this effort included:

- Find innovative ways to generate funding and support the academic mission
 - State support decreasing
 - Federal dollars flat
 - A modest endowment
- Remain competitive and attract the best and brightest students and faculty
- Evaluate non-core assets to enhance revenue streams and reduce costs
- Generate funding to
 - support additional academic & student services and support
 - Maintain and enhance current services

What were they thinking!?

- We had successfully merged parking & transportation and were an efficient and effective group, known to be responsive and helpful.
- How can we possibly separate them back out again?
- How do we articulate the many things we do every day and define metrics?
- How can we identify what specific duties would/should shift to a third party?
- Surely there is no way a private operator would be incentivized to provide the service in place, all they care about is the money, right?
- What will happen to our team?



The Process

- The Ohio State University Board of Trustees authorized the distribution of a Request for Proposals (RFP) and delegated the decision-making to the University's Chief Financial Officer
- A University-wide committee was formed to review RFPs and make recommendations for action
- A commitment to fact-based decision-making was made, using metrics regarding
 - Funding
 - Services
 - Support
 - Experience
- The Parking RFP called for up to a 50-year lease and a desire to generate ~ \$600m+ in revenue and cost avoidance
- Investors and parking operators were invited to team up and move through a due diligence process with the goal of a final bid and decision by Spring 2012

Acceptance and Data Gathering

- Clearly this isn't going away, so how to position our staff for the best outcome
- Diligence on Investor/Operator teams
- Meetings, meetings and more meetings
- Pulling data to respond to investor/operator team questions
- Working with other OSU departments to outline requirements for service
- A cross university transition committee met weekly to identify
 - Employee matters (reviewing position descriptions both staff positions who would be outsourced as well as retained, posting and selection process for retained positions, benefits for OSU employees transitioning to CampusParc, etc.)
 - Communications - initial details, feedback strategy , operational issues, introduction of operator
 - Finance – Identifying remaining OSU Transportation budget required, reimbursement of costs, claims management, payroll deduction details, equipment transfer, internal purchase requests, utility charging, Change funds and post-close payables, mid-year permit and space sales and reconciliations, etc.
 - Operations – how will violation revenue be allocated, transfer of equipment and any associated titles, office space, in-process construction on parking assets, IT integrations, etc.
 - Legal issues – Public records requests and process documentation

The Public Private Partnership

OSU

- Has sole decision-making authority regarding all parking rate, allocation, location, and rule changes
- May direct changes to the parking system if desired
- Retains full ownership of all assets

CampusParc

- Operates the parking system under rules set by the university
- Can suggest system changes for univ. approval
- Has freedom to determine how operations are executed, but must meet univ. requirements
- Uses third-parties for day-to-day operations, legal, and engineering services
- Meets financial obligations of the investment on behalf of QIC

QIC

- Oversees the asset on behalf of the shareholders
- Has regular engagement with management on value added opportunities and performance
- Risk & ESG reviews

What is different?

For CampusParc

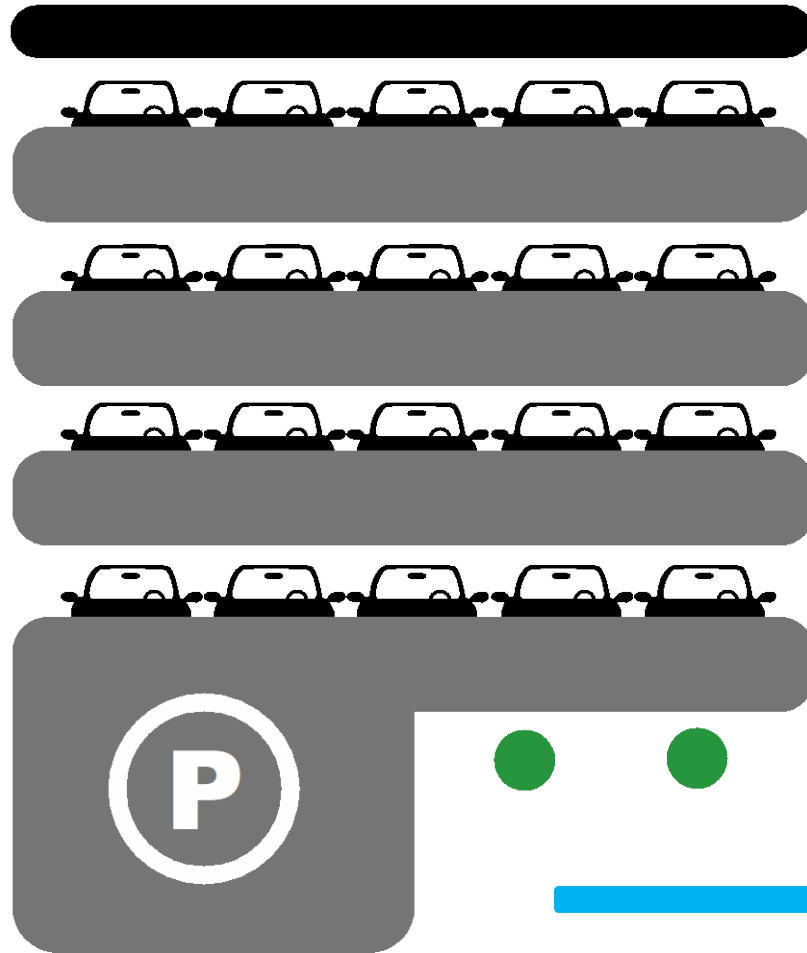
- The day-to-day execution of parking operations is contracted to a third-party operator (Propark Mobility);
- The concessionaire's office focuses on risk, measurable goals, and strategy
- Urgent university requests for parking changes or responses include objective statements to ensure the suggested cure appropriately addresses the concern (and does not create new issues)
- There is an enhanced effort around deliberate communications between entities around planned projects
- CampusParc is an investment that happens to operate parking, so a close evaluation of ROI and value occurs prior to spends
 - e.g. Careful staffing models are created to ensure every position has a purpose and to optimize efficiency in service delivery
 - We have an entire department who focuses on business solutions and looks for way to create more efficient and sustainable processes
- Process development and documentation is critical to ensuring long-term continuity for both parties

For OSU

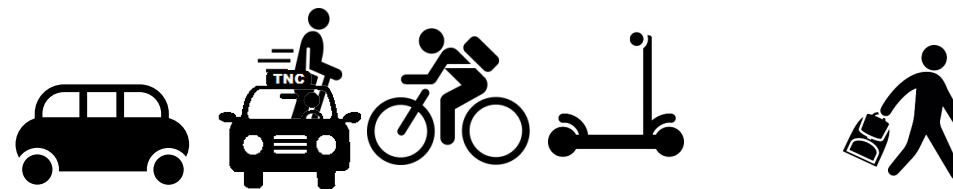
- Parking decisions now require cost/benefit analysis
- Internal budgeting decisions for decisions with cost attached
- Revenue stream for many transportation infrastructure items disappeared (and has not yet been replaced)
- “Left behind” services are still highly desired, but not properly funded
- A recognition that the parking system as defined in the Concession Agreement may not actually work well for some areas of campus
- Perception that paying fees for parking (that were not charged BC*) is a penalty

* **Before Concession**

Regardless of who owns what....



It is critical that parking and transportation is closely coordinated to ensure adequate mobility in and around campus



Learnings and Best Practices

Learnings

- Relationships remain key to success
- Both parking & transportation are enormous in scope; separating them out can create challenges, but also opportunities
- Importance in documenting complex processes to streamline repeats and ensure consistency in approach
- Break/fix is critical, but those doing it do not have time to strategically think about long-term impacts. Find a way to ensure someone is doing this.
- Moving from a break/fix role into a strategic planning role takes work to change habits
- A true partnership requires transparency, trust, and honesty
- Define key competencies for roles and ensure you are hiring for ability more so than just experience
- KPIs can (and should) change if necessary – review often

Best Practices

- Ensure clarity in what does (and does not) compose a budgetary line item (you never know who is looking!)
- Small cross-functional teams have been useful to focus on specific issues
- No surprises for anyone
- Difficult discussions are best confronted early, avoidance does not make them go away
- Simple messages are best
- Enjoy what you do – we all spend a long time doing it!



Questions?