



Brookhurst Development Corp  
*Specialists in Public-Private Partnerships*

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## **PRELIMINARY DUE DILIGENCE REPORT**

### **Financial Feasibility of A New Parking Facility & Review of Current Parking Operations**

**Presented to**

**The Board of Trustees and Administration  
Ohlone Community College District**

**Presented by**

Brookhurst Development Corp  
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**April 29, 2008**

## Introduction

On December 12, 2007 Brookhurst Development Corp, as the lead entity of the Ohlone Parking Development Partners (OPDP), entered into a Memorandum of Understanding (MOU) with Ohlone Community College District to conduct certain due diligence activities towards the determination of the financial feasibility of a new parking facility to be located on the main campus of Ohlone College. OPDP is comprised of the construction firm DPR, Inc., the architectural design and engineering firm, Watry Design, Inc., the financial investment firm Stone & Youngberg, LLC, the law firm Kutak Rock, LLP and ACE Parking acting as a market consultant.

Throughout the process, we have been met with the greatest level eagerness, assistance and accommodation at all levels of administration and staff of Ohlone College. Thanks to help from staff and particularly the Student Development Department, our faculty and student surveys had a tremendous level of response. We have also had productive meetings discussing issues pertaining to the master plan, opportunities for development of property along Mission Boulevard and how that could affect the project at hand, alternative designs and placement of a new parking facility, and strategies for potential alternative funding. The financial feasibility portion of the due diligence process included a review of the current parking system on the Ohlone Campus.

In addition to the financial feasibility study, the due diligence activities originally contemplated such things as engineering studies, soils reports, design development, building entitlements and cost estimations. However, this greater level of due diligence necessarily needs to come after a final determination has been made as to the optimal location of such a new facility, its size, scope, the level of architectural aesthetics desired (such as having an historic "mission district" presence), and whether it will be split into two phases with different locations as all these factors determine cost. Prior to these due diligence activities, we must also ascertain where the money will come from thus allowing us to develop a budget.

During our meetings it was determined collectively between Brookhurst and Ohlone College that items such as specific location of a new parking facility, its size and whether it is preferred to build two smaller facilities at different campus locations must be part of the broader master plan for the campus, which has yet to be completed. This master plan, which is currently underway, should address expected future enrollment, expansion of existing facilities, potential placement of new buildings, projected traffic patterns and the optimal use of existing parking lots and other available surplus land for such things as athletic facilities or public-private joint use within a possible commercial development. These are all

critical factors in determining the location, size and configuration of a new parking facility. It was agreed between Brookhurst and Ohlone College that upon completion of the master plan we would again revisit some of the activities initially identified as part of the physical due diligence.

Therefore, this Report is intended to provide the Board of Trustees our preliminary findings and conclusions from the work conducted to date, a review of current parking operations and potential to capture additional revenue, and, to present the results of our faculty and student surveys.

## **Defining Financial Feasibility**

As set forth in the original RFQ and as presented to the Board during the Meeting of December 12, 2007, the College deems a new parking facility to be financially feasible if it can be funded and operated without any financial support from the College. Due diligence tasks were to include researching potential alternative revenues such as money generated by a Renewable Energy system (photovoltaic panels on the top parking deck) and any state or federal funding. It also included surveys of the student, faculty and staff to ascertain their willingness to use a new facility and the level of usage fees they would pay.

However, financial feasibility has two sides with potential revenue generated being only half the equation. The other side of the equation is the cost of the facility. Items that would affect costs for a new parking facility would include the number of stalls, size of decks, pre-cast versus cast-in-place systems, amount of excavation (particularly if built into a hillside or extensive subsurface work is needed), whether the facility is a single location or split into multiple locations, type of vertical circulation (elevators), the amount and depth of foundation and footings, architectural treatment and aesthetics such as giving it a very attractive exterior as opposed to basic concrete decks, and, cost of financing and debt service. In general, parking facilities in northern California typically range in cost from around \$14,000 to around \$30,000 per stall, depending upon the previously mentioned factors. Because the fundamental questions addressed above and questions about aesthetics, location and size have yet to be answered, a precise cost and budget cannot be estimated. During our RFQ initial interviews, we used a rough estimate of \$20,000 per stall assuming a single structure with 1,000 stalls, moderate level of excavation into the adjacent hillside and some level of exterior architectural treatment. This would reflect a total all-in project cost of around \$20 million, which is an amount that is realistically obtainable but highly dependent upon the above mentioned factors. Assuming the use of low-cost of

tax-exempt financing, a 30 year repayment of the above project cost would result in payments of approximately \$1,400,000 per year.

## **State and Federal Funding Assistance**

Part of our due diligence was ascertaining if there are any grants, subsidies, or assistance programs at the local, state or federal level that may be accessed by OPDP and/or Ohlone College for construction of the new parking facility. The following only addresses such assistance as it pertains to a new parking facility, not any renewable energy system, which is addressed later in this Report.

**Federal Funding Assistance.** We have met with a number of community colleges as well as representatives of the Chancellor's Office of the California Community Colleges as part of our due diligence. To the best of our knowledge, there are no federal programs that directly offer any grants, financial assistance or subsidies to public or private colleges or universities for construction of new facilities like parking garages. However, Brookhurst Development has financing structures it uses when developing projects for public agencies that allow the financing to be tax-exempt pursuant to certain provisions within the IRS Code. Tax-exempt financing can reduce future lease payments made on a lease lease-back project by as much as 40% when compared to when the developer procures conventional financing.

**State Funding Assistance.** State funding for California community colleges is governed under the California Community College Construction Act of 1980, which is Chapter 4 of Part 49 of the California Education Code. The California Code of Regulations, Title 5, Section 57001.5(d) establishes what constitutes a community college "project" that is eligible for such state funding. Title 5 sets forth the following:

*A project shall not include the planning or construction of dormitories, student centers other than cafeterias, stadia, the improvement of sites for student or staff parking, or single-purpose auditoriums.*

It is uncertain why a vital part of a community college such as parking is excluded from state funding, but it is worth noting that all of the above excluded projects share in common the ability to independently generate revenue from the private sector. Hence, Title 5 would prohibit the use of state funds for the planning and construction of a new parking facility for Ohlone College.

**Local Funding.** Local funding is only available through a voter-approved bond. Any bond approved by a minimum of 55% of the votes would require the proposed parking facility to be identified to the voters as a potential use for the bond proceeds in advance of the vote.

We have therefore concluded there are two areas where local, state or federal financial assistance could lower the cost burden of the project, which would include a) tax-exempt status on any financing for the project, and b) a voter-approved bond.

### **Potential Revenue From A Renewable Energy System**

The RFQ was intended to bring in a single development team to pursue the design, financing and construction of both a new parking facility as well as the potential development of a Renewable Energy system as part of the same project. Upon OPDP being notified of its successful pursuit of the RFQ, Brookhurst entered into the MOU with this understanding, which encompassed certain due diligence activities associated with the Renewable Energy system. During the subsequent Board Meeting that same evening and as part of the action item for the approval of the MOU, it was presented to the Board that the components of the RFQ directed at the delivery of the Renewable Energy portion of the RFQ were to be pursued by the College through a separate MOU with a firm not associated with OPDP, Chevron Energy Solutions, who had been part of one of the other competitor teams pursuing the RFQ. We have since not dedicated any significant due diligence efforts to this element of the project.

However, based upon the work we completed prior to that announcement, we came to the determination that there appears to be a need for more clarity as to how these energy systems are paid for and any potential profit that could be used to pay for a new parking facility. Following are key points about current renewable energy systems available, their cost and available funding:

- 1. Although the relative cost of photovoltaic ("PV") panels have dropped over recent years, they are still far too costly to compete with the cost of electricity as provided from the existing energy grid, unless they are subsidized by government. The life expectancy of PV systems is typically about 20 years, which is approximately the amount of time needed to recoup the additional cost of the system, ignoring the time value of money.*

2. To influence the use of PV systems, both the State of California and U.S. Government have subsidy programs. The California Solar Initiative (“CSI”) program was funded with \$3.3 billion to provide both private and public agencies rebates on installation of PV systems through the year 2017. The rebates are provided by the California Public Utility Commission and determined upon a performance-based calculation. However, the amount of available rebates for any system is dropping as the CSI fund dwindles down. Because public agencies do not pay taxes, federal incentives are only of value to the private sector as they take the form of tax credits and accelerated depreciation of the PV system. Both the state and federal systems are designed to work together to reduce the cost of the PV systems such that they are **cost neutral**, ergo, the energy customer does not pay more for “going green”, but alternatively, the energy customer should **not make a profit** from the resulting rebates as that profit would come at the expense of the tax payers, and is not the purpose for the incentive programs.
3. Energy supply companies (a.k.a. “ESCOs”) are often used to pay for and install PV panels for public agencies. They borrow from banks that have special programs whereby the bank’s investors can take advantage of the federal tax credits and CSI rebates. The ESCO then furnishes and installs the PV panels on a “host” site such as a new parking garage for Ohlone College. The ESCO owns the PV system over its life expectancy of 20 years, and thus maintains it themselves. The ESCO then enters into a Power Purchase Agreement (“PPA”) with the public agency whereby the public agency contracts to purchase all of the electricity provided by the PV system. The cost of the electricity to the public entity is typically identical to the cost of electricity provided from the grid. However, the contract locks the amount of cost escalation over the 20-year contract, typically to around 2.5% to 3.0%, depending upon the PPA. The upside for the College would be a) they are promoting environmental awareness, and b) the College will be protected from any potentially high energy inflation over the next 20 years. If energy inflation is high, the College will save money by not paying the future high prices. However the downside of a PPA is the reverse scenario - if the cost of future electricity is less than inflation (as did happen in the 1990s), the College could **lose** money versus buying it more cheaply off of the grid. A PPA is similar in concept to long term energy futures or the energy contracts Governor Gray Davis signed during his administration.

If the College wants to set an example to the students and community of its environmental awareness, a PPA can be a good idea. However, it does not necessarily need to be part of a new parking garage project. PV manufacturers

now make systems that are covered walkways; hence, any sidewalk exposed to the elements could be used. There are also areas of the hillside behind the College available for a PV system. One of the main reasons parking garages are good candidates for PV systems is the available space they provide, and, that they provide you with one more level of covered parking on the top deck.

However, we take exception to any firm that promotes these systems claiming with certainty that they will generate a significant profit for the public agency. If such were the case, all public agencies would have extensive programs installing them. Calculations about future cost savings are based upon one's subjective prediction of future energy costs, and should be presented with the caveat that, depending upon the PPA and the actual level of energy inflation ultimately realized in the future, the public agency could in fact lose money on the system.

We also analyzed the future savings in electricity should the College want to own the Renewable Energy system itself using a tax-exempt financing we could provide. Due to the current status of CSI rebates, we concluded that the system would have a payback period of about 15 years, but in any case, it would not provide any significant revenue or cost savings in the near term that could be used towards the costs of a new parking structure.

Therefore, based upon the cost of the systems and the current incentive programs, we have concluded that the ability for any new PV system to generate significant savings on the future cost electricity consumption is too speculative and should **not** be viewed as a reliable and predictable source of future revenue earned. The installation of any Renewable Energy system should be a stand alone decision and based upon the desire to demonstrate environmental awareness, and if over the years there is a cost savings, it is icing on the cake.

## **Review of Current Parking Operations/ Potential Additional Revenue**

As part of the review of the parking system on the Ohlone Campus, Brookhurst collected significant data from a variety of campus sources including but not limited to Campus Police, Smith Center, Registrar's Office and Business Office. This data was collected to provide an analysis and review of current parking conditions and use, operation and management of the parking system, review of current class scheduling patterns and to understand future needs and growth projections of the campus. The purpose of this section of the Report is to provide

a summary of information collected and to provide a review of the implications for the parking system of the Campus.

While significant amounts of information were collected, listed below are select items of information which provides the data for the parking analysis of the Ohlone Campus.

- Ohlone College has three terms of teaching – Fall Semester, Spring Semester and a Summer term. Each of the fall and spring semesters average 78 days of instruction. The summer term averages 23 days of instruction. This equals 179 days of instruction for the year.
- Ohlone’s parking inventory includes during the Fall, 2007 term and the Spring, 2008 term an inventory of 2194 spaces. Of those spaces, 1639 spaces are allocated for student parking spaces, and 16 spaces are metered spaces. The balance of the spaces is allocated to staff and a variety of reserved spaces for designated offices and staff and campus vehicles.
- The official headcount for enrollment is provided in the table below.

<u>Semester Term</u>	<u>Full time Students</u>	<u>Part time Students</u>	<u>Total Student Headcount</u>
Fall, 2006	2884	8975	11,859
Spring, 2007	2664	8528	11,192
Summer, 2007	1200	4261	5,461
Fall, 2007	3140	8500	11,640
Spring, 2008	3173	8601	11,774

- The campus sells semester parking passes to students at a rate of \$35 each for the Fall and Spring semesters and motorcycle permits at a rate of \$18 each. During the summer term the parking permits are sold for \$20 for vehicles and \$10 for motorcycles. The maximum amount any California Community College may receive for providing parking to faculty and students is limited by the California Education Code, as follows:

*76360. (a) (1) The governing board of a community college district may require students in attendance and employees of the district to pay a fee, in an amount, not to exceed forty dollars (\$40) per semester and twenty dollars (\$20) per intersession, to be established by the board, for parking services.*

The table below provides data collected about parking permits sales

<u>Semester Term</u>	<u>Number sold</u>	<u>Amount/permit</u>
Spring, 2007	3633 Vehicle permits	\$35
	17 Motorcycle permits	\$18
	166 Financial Aid permits	
Summer, 2007	1696 Vehicle permits	\$20
	5 Motorcycle permits	\$10
Fall, 2007	3986 vehicle permits	\$35
	20 Motorcycle permits	\$18
	163 Financial Aid permits	
Total Calendar Year	9315 Vehicle permits	
	41 Motorcycle permits	
	329 Financial Aid permits	

- Smith Center hosts a number of events in its facilities. Most of the events are attended by non-student attendees. Ohlone College is anticipating total revenue from the Smith Center to be around \$260,000 for fiscal year 2008. The following is data provided by the Smith Center showing the number of total tickets sold for the last two fiscal years:

FY 2005/2006: 18,303  
FY 2006/2007: 19,998

- Parking revenues are derived from semester permits, meter revenues daily parking fees and parking fines. Revenues are reported on a fiscal year basis. Data we obtained showing the previous five full fiscal years is provided below:

<u>Last 5 Years</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Parking Permits	206,400	216,053	189,591	229,379	229,258
Parking Meters	174,844	120,636	165,907	191,624	180,809
Parking Fines	161,879	111,641	105,670	178,381	128,743
<b>Total Fees</b>	<b>\$543,123</b>	<b>\$448,330</b>	<b>\$461,168</b>	<b>\$599,384</b>	<b>\$538,820</b>

\* Enrollment decline and lack of ticketing was attributed to lower revenues in 2005 and 2006.

- Based upon the above information, the average annual gross revenue Ohlone College has received from all campus parking operations for the past five years is **\$518,165**.

The Ohlone College campus population is very stable and remains at a fairly constant level with increases occurring as are allowed by State appropriations. This enrollment level is not expected to change significantly in the foreseeable future; it may become level or decrease based on State budget appropriations, but it is not expected to increase significantly over the recent enrollment levels.

There is no planned parking permit or fine increase being projected in the near future. No changes are planned for the management of the parking system.

The number of spaces allocated to student parking not expected to change in the foreseeable future. No policy is in place for placing a cap on the number of semester passes semester passes to be issued.

Limited transit and BART service is available for students commuting to the Ohlone campus. Trip times and gaps in service make these alternatives a limited resource for student commuters. No data was obtained about the boarding and alighting counts of students at the Ohlone campus.

Based on class scheduling information provided by the Registrar's office, the peak attended class hours for the Ohlone Campus only are Monday and Wednesday with a total of 8,616 and 8,426 students, respectively attending classes. The peak time periods on those days are between 9 am and 11 am. Classes starting after 5 p.m. indicate a peak for Monday evening (1,630 students) and an average of just over 1,400 students attending classes for each evening Tuesday through Thursday.

## **Review of Parking Operations Conclusion & Recommendations**

Since most semester data remains fairly stable, a review of the Fall 2007 enrollment indicates a headcount of 11,640 students. Students purchased motorcycle and vehicle permits which totaled 4,169 permits. This leaves 7,471 students who are seeking an alternative parking choice or simply not driving. Alternative parking choices include off-campus and/or illegal parking, meter parking and daily parking. Alternative forms of transportation generally include ride sharing, drop off and pick up and public transit. While we were not able to obtain any data about the number of students using public transit or modes other than driving, national data provided by the parking industry indicates that the modal split for alternative transportation for college campuses is 7%. If that number is applied to Ohlone, 814 students would be using some form of public transit or ride sharing on a daily basis. Applying those calculations to the above

numbers 6,657 students are using daily parking, meter parking or parking off-campus.

In reviewing the average daily income for parking and calculating the average income per day for the number of academic days, an average of 950 parkers per day are being accommodated.

During the spring 2008 semester several empty parking space counts were made during peak class days. While the student survey indicates that many students find the location of parking inconvenient, (steepness of the hill) the parking patterns of student parking indicates that they park as close as possible to the central campus walking path and they park as high up the hill as space will allow. Even on days when peak classes were in session, several hundred empty spaces were inventoried in lots H and G. No empty spaces were noted in daily parking lots during the same count periods.

There are a number of ways that parking revenues may be increased. The most significant issue with the current parking system is the opportunities to capture revenues which are not currently being captured.

Managing campus parking systems with a permit and enforced management system (issuing permits; writing citations) while simple for permit issuance, it is a labor intensive method if adequate parking enforcement is provided. Most campuses around the country are experiencing similar budget and staffing constraints as Ohlone. Adding more parking enforcement staff is cost prohibitive and carries a stigma of negativity.

Many campuses are taking advantage of new technologies that capture all revenue of inbound vehicles through electronic means. Such systems make the process very convenient for all students while minimizing enforcement costs. Campuses who have installed such systems are realizing increases in parking revenues in significant levels well above 30%. They have managed the equipment acquisition process through third party financing strategies and are supported by increased revenues.

Smith Center events offer an opportunity for collecting parking revenues which is presently being missed. Smith Center is not collecting parking fees as part of the ticket purchase price and no other means appears to be taking place to take advantage of this uncollected revenue opportunity. Most event venues charge an event parking fee which is higher in price than the daily parking fee. Parking technologies available in the industry allow for rate adjustments and can capture this uncollected revenue source.

Parking equipment currently used for daily parking collection is very outdated and often appears broken. Broken equipment results in loss of revenues and frustration for users. Equipment should be replaced with new technology which will both improve revenues, enforcement and reduce illegal parking and frustration for users.

A number of classes and Smith Center events are held on Sundays. Currently parking regulations are not enforced on Sunday. Many colleges with similar event venues and class schedules enforce parking regulations on Sunday and daily parking fees are collected. Increased parking revenues may be realized by changing this parking regulation.

## **Student and Faculty Surveys**

Attached as Exhibits A and B to this Report are the summary analyses of our student and faculty surveys. We came to the conclusion that issues and concerns of the students versus the faculty and staff were different enough to warrant two separate surveys. As can be seen, many of the questions are the same, some vary slightly while others are completely different.

### **Survey Process**

It was concluded that the easiest and quickest way to survey both students and staff was to use an Internet survey provider that conducts surveys and analyzes the results. This service, which is called SurveyMonkey.com, has been used successfully by Ohlone College in the past as well as other colleges and universities, such as Sacramento State University. This survey provider has sophisticated Internet capabilities which can prevent someone from taking the survey multiple times from the same computer.

The process involves opening an account with them, and for a fee, an unlimited number of surveys, questions and responses can be analyzed. Initial drafts of the questions were first circulated amongst the team firms of OPDP then sent to Ohlone College's administration for their review, comments and suggested changes. The surveys also provided the respondents an opportunity to write text in some of the questions to give them greater latitude to voice opinions and concerns. Due to the volume of these written responses, the attached summaries in the Exhibits do not include the actual text responses; however, the administration of Ohlone College involved in the research survey has access to them and can provide them to Board Members upon request.

Once we had input and approval from Ohlone College as it pertained to the content of the surveys, we then completed the on-line survey, and a web link was established wherein students and staff could access and take the survey.

We then provided Ohlone Student Development with the introductory text to go into the body of the emails thanking the students and staff for their participation with the links provided. To protect the propriety of the email addresses, Ohlone College distributed the emails from its internal database of emails to avoid any concern surrounding the release of the email addresses to third parties. To assure the greatest level of response, the College made the determination to send the emails and links to *all* students and *all* faculty and staff for which they had emails.

The emails were sent out on approximately March 26, 2008. Since this time the surveys have remained open to allow anyone interested to take the survey.

### **Survey Results**

The summaries attached as Exhibits A and B show the results of the surveys as of April 29, 2008. This means all recipients of the emails had just over one month to complete the survey. Due to the slowing response rate, we believe any future responses would have a de minimis impact on these results.

The following indicate the total respondents to each survey:

Faculty and Staff:	137 responses
Students:	1,146 responses

### **Student Responses**

The questions and respective responses are fairly self explanatory and we encourage all reading this Report to review them. Many inferences can be made - so many that they exceed the scope of this Report. However, certain key points should be underscored.

Generally speaking, about 83% of the students feel the current parking situation is inadequate. 41% believe it is inadequate but not a major inconvenience, 29% believe it is a major inconvenience and 13% believe it is grossly inadequate.

The biggest reason students would like a new parking facility is reducing the distance they have to walk to classes. However, the second biggest reason, and not trailing too far behind, was concern over security. Also coming in close was the ability to find a spot quickly, which per the written responses, is a major frustration among students. Having covered parking did not seem to be a major concern for students.

About 35% of the students indicated they would pay an additional fee to use a new parking facility, with the majority of them willing to pay in the \$2 to \$4 range, but no more. About 20% of the students would be willing to pay \$50 or more for a monthly access fee provided they are assured of a spot.

It is clear many students feel passionately about this matter. 471 of the 1,146 respondents took the time to submit a written response addressing their concerns. The following are some of the more salient issues brought up in these written responses:

- *A number of students voiced concerns over lack of security and lighting of the parking lots at night, particularly those taking night classes.*
- *Several complained about handicapped access and the need for closer parking for the disabled.*
- *Many students complain that they have to allow an extra 20 minutes to find a parking spot and then walk the long distance to class.*
- *Students that have to carry equipment or musical instruments were particularly upset with the long walks uphill.*
- *Several responded that the unavailability of parking and long walks were so problematic that they have opted to go to the Newark campus, or elsewhere.*
- *The permit vendor apparatus appears to be broken a lot of the time, and students complain about disrepair of the lots and pavement*

## Faculty and Staff Responses

As with the student responses, there are many inferences and conclusions that can be drawn from reading through the attached summary. For brevity this Report only addresses those items crucial to our due diligence.

Similar to the students, about 77% of the faculty and staff believe the current parking situation at Ohlone is inadequate. 49% indicated it was inadequate but not a major inconvenience, 21% indicated it was a major inconvenience with 7% indicating parking was grossly inadequate to the point of affecting their work experience.

In terms of willingness to pay to use the structure, the faculty and staff responses were virtually identical to that of the students with about 35% willing to pay to use a new parking facility daily with most them willing to pay no more than \$2 to \$4 per day.

The distances faculty and staff have to walk to their workplace was less of a concern, probably due to the location of their allocated parking lots. Security was an issue of concern, but as with the students, having covered parking did not seem to be a major reason a new parking structure was desirable.

Similar to the student survey, faculty and staff were not reserved in voicing concerns and opinions. The following characterizes some of the more frequent concerns:

- *Perhaps the most common concern was the implication that employees might have to pay for parking in a new facility. They believed any new parking should be free to them.*
- *A few suggested parking fees for a new facility could be by term or year with the deduction made from salaries, thus being pre-tax contributions. This is not uncommon with university parking for employees.*
- *Some voiced concern that the original student services plan included a significant amount of increased parking immediately next to the Student Services building, and that failure to meet this plan would be a problem.*
- *Some suggested use of a shuttle for the lower lots, and possibly even being used to provide easier access to BART.*

## **Limiting Factors**

It should be noted that our analysis of parking operations show a significant amount of students not paying for parking or parking illegally. This could skew the results as many students may be unconcerned about the present parking situation if they are currently taking advantage of it. It would be interesting to see how the response would change if a rigorous enforcement campaign was launched. In addition, faculty and staff park for free in designated parking areas, many fairly close to their workplace, which again would suggest that their situation, although maybe not optimal, is not terribly egregious for them.

Further, asking someone how much more they would pay for an extra public service is sometimes like asking how they feel about paying more taxes. A significant level of resistance to paying anything was anticipated, and ultimately born out by the survey.

## **Survey Conclusions**

It is our opinion from watching the responses come in as well as experience with other surveys, the level of responses received was exceptionally strong and that the response rate was large enough to conclude that any further responses would not change the outcome of the surveys significantly.

The results provide some meaningful and helpful information. It is clear that the current parking situation is inadequate and there is a high level of frustration voiced by some staff and many students, particularly when reading the written responses. However, as discussed previously, there are limiting conditions to the survey. Thus, the results were not conclusive enough to be able to reliably forecast the level of additional income that could be generated by the staff and students for use of a new facility.

Brookhurst Development Corp

## **Financial Feasibility Analysis**

In many financial feasibility studies, there are similar projects or situations from which an analogy may be drawn. However, the financial projections of revenue for new community college parking facilities are very unique, particularly because California statutes cap the amount of revenue that can be received from a community college for providing parking. Students are therefore always provided

a relatively cheap alternative for parking when compared to other parking facilities like those found at airports or central business districts, which can charge high fees to justify their construction. In addition, the socio-economic and demographic makeup of community college students as well as their parking usage patterns are very different than that of those that use other public parking facilities or of students at universities. Therefore, we are relying upon the above findings and survey results to forecast revenue that could be produced from a new facility, as well as from enhancement to current operation and systems.

Assuming no local bond funds are available, the entirety of all costs associated with a new parking facility would have to be born by the users of the facility. Any burden for payment placed on faculty or staff for its use might be contested. With the exception of a small portion generated by the Smith Center, it is probable that the preponderance of revenues needed to make the parking facility financially feasible would have to be born by the students in one form or another.

As stated previously, a rough estimate of around \$20 million for the total all-in cost for a new, 1,000 space parking facility is very realistic. A cheaper facility built strictly for utilitarian purposes is doable, but it would not compliment the campus in a manner the College would like, and excavation would be limited. The cheapest 30-year financing that could be arranged would be a tax-exempt financing, with an annual payment being around \$1,400,000.

Currently, Ohlone averages approximately \$518,165 per year in gross revenues from all campus parking operations. If a new facility is built, students would pay more for usage of the new facility; however, given student enrollment is stable, it would also mean a corresponding drop in the daily usage revenue presently being received as many of these students would then use the new facility.

All current parking revenue is used for various activities tied to parking operations. Thus, the \$1,400,000 per year necessary for a new parking facility would have to be born mostly by the students through a commensurate increase in annual parking revenue. This means the revenue from Ohlone's parking operations will need to increase from its current \$518,165 per year to around \$1,900,000 per year.

Our review of parking operations leads us to believe that through better enforcement and the use of new technology systems such as transponders, a significant amount of revenue currently not being captured could be realized. Our analysis leads us to believe that this could be an increase by as much as 30%, which would add about \$156,000 in annual revenue. Therefore, we strongly encourage the College to retain a consultant to do further analysis and to propose systems that will capture this loss revenue.

The pro forma analyses we have examined for this new parking facility have typically included revenue generated by non-students attending events at the Smith Center. The College is anticipating total revenue from ticket sales at the Smith Center to be around \$260,000. At present we do not have the benefit of detailed operating data from the Smith Center from which we could extrapolate total vehicles that park at events on an annual basis. Our projection for potential parking revenue for the Smith Center was provided by Ace Parking, who operates a number of parking facilities at event centers in California. Ace assumed the Smith Center could host 13 events per month with 200 cars attending each event with each being charged \$5 to park. Based upon this initial review, it would appear that a new parking facility might obtain as much as \$156,000 per year in additional parking revenue from a new facility. We encourage Ohlone College to consider a parking program that would capture this revenue opportunity. Although this is a significant amount of revenue, when weighed against the need to generate an additional \$1.4 million per year for a new parking facility, we do not believe the Smith Center will contribute enough to make a new parking facility financially feasible.

Over the past five years, Ohlone College has received average annual revenue of \$214,136 from the sale of semester parking permits. The College is presently not charging the maximum permit fee rate as allowed by state law of \$40 per semester, but instead \$35. A possible source of additional parking revenue would be raising the cost semester passes for the Fall and Spring semesters to \$40. Using the 2007 revenue data that revealed 7,619 purchases of passes at the \$35 rate, this would result in an increase in revenue of \$38,095 per year.

One hypothesis has been that the constant daily turnover of spaces in a new facility would result in potentially a lot of revenue. This is true; however, it must be taken into account that this is what is presently occurring with the daily and metered spaces. The 2007 fiscal year of total revenue for these spaces was \$174,844. Assuming that *all* of these parking space users decided to alternatively use the new facility and pay an additional \$4 per space, we would see an increase in revenue of approximately \$349,688, which is net of the loss of current meter fees received for the daily spaces. Taking our survey data and looking only at those that solely pay a day pass, 49.4% indicated they would be willing to pay an additional amount to use the new facility. Using this response percentage against the above net revenue gain, we project that the amount of additional revenue that could be generated by those presently paying the daily rate would be about \$172,746 in additional revenue. At the \$2 increased rate for the new facility, this amount is \$86,373.

Of those that responded to the survey, 836 indicated they presently purchase a semester pass, as opposed to 179 that indicated they purchase a daily pass. Of

those that purchase a semester pass, 35% indicated they would be willing to pay between \$2 and \$4 a day to use a new parking facility. Multiplying this 35% factor against the number of semester passes sold for each semester times the average number of days each semester these students are on campus provides a theoretical model for deriving how many days per semester each of these semester pass holders would park in the new facility. At a \$2 rate (assumed only available to semester pass holders), this would equate to \$253,316 of additional revenue per year. At a \$4 rate, it would equate to \$506,632 of additional annual revenue. However, despite what the respondents have indicated, we are not convinced that all 35% of those that purchase semester passes would indeed be willing to pay for both a semester pass fee, and, pay a daily usage fee to use a new parking structure, and, whether they would consistently do so every day. Therefore, our *very* rough estimation of added revenue for use of the new parking facility by those also purchasing semester passes is in the range of around \$400,000.

Based upon the enrollment, revenue and parking operating data collected, and results from the surveys, using aggressive assumptions we estimate total revenue that could potentially be generated solely from the users of the new parking structure would be between \$600,000 and \$800,000. This amount falls short of the required \$1.4 million needed annually to pay for the new structure. As previously indicated, some of this shortfall could be made up with additional revenue by increasing the annual pass rate and installation of new technology systems to capture revenue currently being missed.

We thus conclude that given our review of potential alternative funding opportunities, past operating data and our analyses of the survey results, the contemplated new parking facility for Ohlone College will not pay for itself solely from additional parking revenues collected from those using it.

## **Preliminary Due Diligence Report Conclusion and Recommendations**

We have presented in this Report a number of findings, analyses and conclusions. From our initially being interviewed during the RFQ solicitation, we have maintained that, in general, parking structures rarely pay for themselves unless they are at an airport or a highly dense environment such as the central business district of a major city where space is at a premium. This Report provides enough research and findings to reinforce our initial opinion and to

conclude that a new parking facility would not pay for itself solely by revenue generated from its use. But even if it was financially feasible, the larger issue is whether the College's administration would want to burden its students by using various mechanisms to increase the amount of revenue it receives from its students for parking by a factor of three to four times that which it is currently getting.

However, financial feasibility should not be the sole criterion when determining whether a new parking facility is warranted. The quality of campus experience has been tied directly to the quality of education received. This concept is not new and dates back to Thomas Jefferson and his concern over this when designing the campus for the University of Virginia. The ability to readily find a place to park, avoidance of long walks while carrying books or musical instruments, providing better accessibility to the disabled and increasing the safety of the students are all factors that will affect the students' perception of their education environment.

Many colleges pursue a well designed parking facility as it also has the advantage of increasing the amount of real estate that may be used by the college for other academic purposes as surface lots can be reduced or eliminated. Another issue to consider is recent and projected increases in construction costs. Building a facility sooner rather than later may mean a higher quality facility with superior amenities at a lower cost than if the project is pushed back several years.

It is our recommendation that the Ohlone Community College District explore the addition of a new parking facility as part of its next bond campaign. In the event it is successful, there are a number of ways OPDP can assist in delivery a quality facility designed in accordance to the desires of the College while guaranteeing delivery schedule and costs.

We again thank Ohlone Community College District for selecting our team to assist them in this project, and hope we can continue to explore ways in which we can assist the College in the design, funding and construction of this parking project.



**EXHIBIT A**

Student Survey  
New Parking Facility

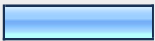

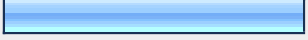

Brookhurst Development Corp

# Student Survey

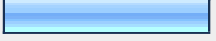
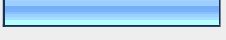
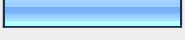
1. How would you rank the current parking situation at Ohlone College?			
		Response Percent	Response Count
Adequate		16.8%	191
<b>Inadequate but is not a major inconvenience for me</b>		41.1%	467
Inadequate and is a major inconvenience for me		29.4%	334
Grossly inadequate to the point where my educational experience at Ohlone is far less pleasant than I would like		12.8%	145
	<b>answered question</b>		<b>1137</b>
	<b>skipped question</b>		<b>9</b>

2. In terms of major issues facing students at Ohlone College, where would you rank the College's ability to provide more centrally located parking?			
		Response Percent	Response Count
Not a major priority for the College		13.9%	158
<b>An important issue, but there are other issues more important</b>		42.9%	487
One of the major issues and should be a high priority		37.5%	426
The most important issue for students at the College		5.6%	64
	<b>answered question</b>		<b>1135</b>
	<b>skipped question</b>		<b>11</b>


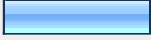


**3. If it is deemed that the only solution to current parking challenges is the funding and construction of a new parking structure, how would you assess its value and priority as opposed to other capital programs for the campus?**

		Response Percent	Response Count
It is not needed and there are better uses for the College's available funds		16.2%	183
<b>It is a good idea and should be done, but is not a priority at this time</b>		45.7%	516
A new parking facility is critically needed and should be made one of the top priorities of the College		33.0%	373
A new parking facility should take precedence over all other capital improvement programs		5.0%	57
		<b>answered question</b>	<b>1129</b>
		<b>skipped question</b>	<b>17</b>

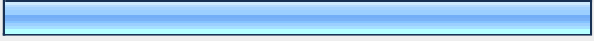
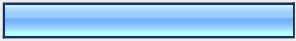


**4. If there were a parking structure built closer to the classrooms near the top of the campus, how would you change the way you park on campus?**

		Response Percent	Response Count
I would not change my current parking or transportation mode, even if the structure were free of additional charge		22.3%	249
I would pay an extra daily fee to park in the closer structure only if I was late for class or in bad weather		23.6%	263
<b>I would pay an additional fee to use the structure everyday, but only if I knew I was assured of finding an available spot quickly</b>		34.7%	387
If the structure was often full, I would alter my schedule to arrive early to assure I could use it		19.4%	216
		<b>answered question</b>	<b>1115</b>
		<b>skipped question</b>	<b>31</b>


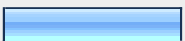



5. Please rank the following factors in order of importance to you in your consideration of paying more to park in a new facility located close to your classes:						
	Most important	Second most important	Third most important	Fourth most important	Rating Average	Response Count
Covered parking	4.6% (49)	9.2% (98)	21.3% (227)	<b>65.0% (694)</b>	3.47	1068
Better security	30.9% (326)	19.5% (206)	<b>35.6% (375)</b>	13.9% (147)	2.33	1054
Not as far to walk to my classes	<b>38.5% (419)</b>	31.8% (346)	20.2% (220)	9.4% (102)	2.00	1087
Assurance I will be able to find a spot quickly	29.4% (319)	<b>38.8% (421)</b>	22.0% (239)	9.7% (105)	2.12	1084
What other important factors should be considered?						284
<b>answered question</b>						<b>1128</b>
<b>skipped question</b>						<b>18</b>

6. How are you presently paying for your parking?			
		Response Percent	Response Count
I purchase a semester permit		74.8%	836
I purchase a daily parking permit		16.0%	179
I do not drive to the College and use other modes of transportation (transit, rideshare, bicycle, etc.)		4.0%	45
I do not have a permit and park off-campus along Mission Boulevard or elsewhere in the community		5.1%	57
Please specify below any other manner of parking you use such as disabled, metered or illegal parking			115
<b>answered question</b>			<b>1117</b>
<b>skipped question</b>			<b>29</b>

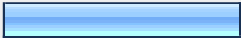
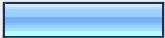
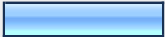
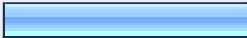

7. State funding cannot be used for constructing new parking facilities at California community colleges. For Ohlone College to pay for a new parking structure, charging additional parking fees for its use will probably be necessary. Presently, a semester pass costs \$35 and the daily parking pass is \$2 per day. Assuming the new structure would provide you ample covered parking close to your classes, how much more would you be willing to pay per day for such parking?

		Response Percent	Response Count
I would not pay any more than I am now paying to use the new parking structure		64.7%	731
\$2/day to \$4/ day		31.9%	361
\$5/day to \$8/day		2.8%	32
\$9/day and above		0.5%	6
	<b>answered question</b>		<b>1130</b>
	<b>skipped question</b>		<b>16</b>

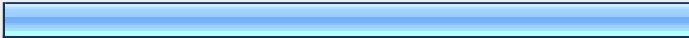
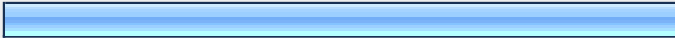
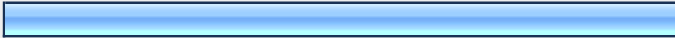

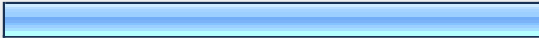
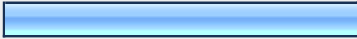


8. If an option were available for a guaranteed reserved spot in the covered portion of a new parking facility, how much would you be willing to pay per month for such a spot?

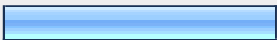

		Response Percent	Response Count
I would not pay anything for a guaranteed reserved spot		77.6%	876
\$50/month		19.4%	219
\$75/month		2.5%	28
\$100/month		0.3%	3
\$125/month		0.0%	0
\$150/month		0.3%	3
	<b>answered question</b>		<b>1129</b>
	<b>skipped question</b>		<b>17</b>

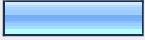
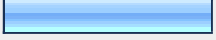

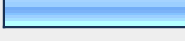

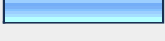
**9. How many courses are you presently taking at Ohlone?**

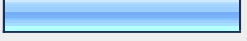
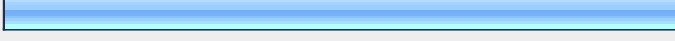
		Response Percent	Response Count
1		25.8%	282
2		17.5%	191
3		17.3%	189
4		<b>26.8%</b>	293
5		12.7%	139
If more than 5 classes, please specify the number below			48
<b>answered question</b>			<b>1094</b>
<b>skipped question</b>			<b>52</b>

**10. How many total hours per day are you presently attending Ohlone College? Please indicate total hours for each day of the week rounded to the nearest hour.**

		Response Percent	Response Count
Monday:		76.0%	812
Tuesday:		74.4%	795
Wednesday:		74.7%	799
Thursday:		73.2%	782
Friday:		59.0%	631
Saturday:		39.0%	417
Sunday:		31.8%	340
<b>Please add up all the above responses and put the sum in this last box to tell us how many total hours per *week* you are on campus:</b>		<b>78.2%</b>	<b>836</b>
<b>answered question</b>			<b>1069</b>
<b>skipped question</b>			<b>77</b>

11. Are any of your classes held on the new Newark College campus?			Response Percent	Response Count
Yes			29.9%	338
No			70.1%	794
			<b>answered question</b>	<b>1132</b>
			<b>skipped question</b>	<b>14</b>

12. How many semesters have you attended Ohlone College?			Response Percent	Response Count
1			15.1%	146
2			22.6%	219
3			15.3%	148
4			19.8%	192
5			9.8%	95
6			17.4%	168
			If more than 6, please specify below	172
			<b>answered question</b>	<b>968</b>
			<b>skipped question</b>	<b>178</b>

13. Assuming it meets your schedule, are you willing to participate in a 1 – 2 hour focus session along with approximately 20 – 30 other students to discuss the policy and funding issues related to the parking system? These issues may include such issues as fees, parking management, parking facility design, and location.			Response Percent	Response Count
Yes			25.8%	291
No			74.2%	837
			<b>answered question</b>	<b>1128</b>
			<b>skipped question</b>	<b>18</b>

14. Is there anything you would like to add or comment about regarding the parking situation at Ohlone College?		Response Count
		471
	<i>answered question</i>	471
	<i>skipped question</i>	675

15. (Optional) All emails have been kept confidential and those planning the focus sessions or release of survey results do not have them. If you would like to be added to a list for your possible participation in a focus session, please provide your email below. We will also forward the response results to our survey to anyone that provides us their email. Your email will be used for no other purposes.		Response Count
		181
	<i>answered question</i>	181
	<i>skipped question</i>	965



**EXHIBIT B**

Faculty & Staff Survey  
New Parking Facility

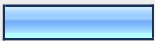

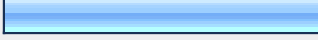

Brookhurst Development Corp

# Faculty & Staff Survey

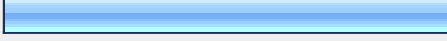
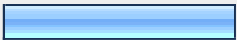


1. How would you rank the current parking situation at Ohlone College?			
		Response Percent	Response Count
Adequate		22.8%	31
<b>Inadequate but is not a major inconvenience for me</b>		<b>49.3%</b>	67
Inadequate and is a major inconvenience for me		21.3%	29
Grossly inadequate to the point where my work experience at Ohlone is far less pleasant than I would like		6.6%	9
	<b>answered question</b>		<b>136</b>
	<b>skipped question</b>		<b>1</b>

2. In terms of major issues facing the employees of Ohlone College, where would you rank the College's ability to provide more centrally located parking?			
		Response Percent	Response Count
Not a major priority for the College		19.1%	26
<b>An important issue, but there are other issues more important</b>		<b>46.3%</b>	63
One of the major issues and should be a high priority		31.6%	43
The most important issue for the employees of the College		2.9%	4
	<b>answered question</b>		<b>136</b>
	<b>skipped question</b>		<b>1</b>

**3. If it is deemed that the only solution to current parking challenges is the funding and construction of a new parking structure, how would you assess its value and priority as opposed to other capital programs for the campus?**

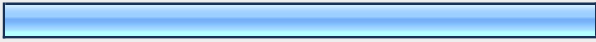
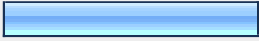



		Response Percent	Response Count
It is not needed and there are better uses for the College's available funds		16.2%	22
<b>It is a good idea and should be done, but is not a priority at this time</b>		47.8%	65
A new parking facility is critically needed and should be made one of the top priorities of the College		34.6%	47
A new parking facility should take precedence over all other capital improvement programs		1.5%	2
<b>answered question</b>			<b>136</b>
<b>skipped question</b>			<b>1</b>

**4. If there were a parking structure built over the existing staff lot "W" east of the Smith Center, near the top of the campus open to both students and staff/faculty, how would you change the way you park on campus?**

		Response Percent	Response Count
<b>I would not change my current parking or transportation mode, even if the structure were free of additional charge</b>		48.8%	62
I would pay a daily fee to park in the structure only if I was late for work or in bad weather		25.2%	32
I would pay a daily fee to use the structure everyday, but only if I knew I was assured of finding an available spot quickly		24.4%	31
If the structure was usually full, I would not only be willing to pay a daily fee, but also alter my schedule to arrive early to assure that I could get a spot.		1.6%	2
<b>answered question</b>			<b>127</b>

	<i>skipped question</i>	<b>10</b>
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
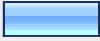
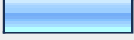

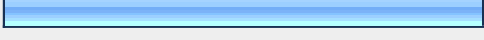

5. For Ohlone College to pay for a new parking structure as described in the previous question, charging both students and employees additional parking fees for its use will be probably necessary. Currently, employees do not pay parking fees. Assuming the new structure would be built over the existing staff lot "W" providing you ample covered parking and closer to the upper campus than the alternative staff lots, how much would you be willing to pay per day for parking availability in a parking facility?

		Response Percent	Response Count
<b>I would not pay to use the new parking structure</b>		65.4%	87
\$2/day		27.8%	37
\$2/day to \$4/day		4.5%	6
\$4/day to \$6/day		1.5%	2
\$6/day to \$8/day		0.0%	0
\$8/day to \$10/day		0.8%	1
Over \$10/day		0.0%	0
	<b><i>answered question</i></b>		<b>133</b>
	<b><i>skipped question</i></b>		<b>4</b>




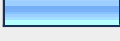



6. Please rank the following factors in order of importance to you in your consideration of paying more to park in a new facility located closer to your work environment:

	Most important	Second most important	Third most important	Fourth most important	Rating Average	Response Count
Covered parking	5.1% (6)	11.9% (14)	19.5% (23)	<b>63.6% (75)</b>	3.42	118
Better security	24.0% (29)	19.8% (24)	<b>43.0% (52)</b>	13.2% (16)	2.45	121
Not as far to walk to my work place	30.8% (36)	<b>31.6% (37)</b>	26.5% (31)	11.1% (13)	2.18	117
Assurance I will be able to find a spot quickly	<b>43.4% (53)</b>	36.9% (45)	9.8% (12)	9.8% (12)	1.86	122
	What other important factors should be considered?					35
	<b><i>answered question</i></b>					<b>126</b>
	<b><i>skipped question</i></b>					<b>11</b>

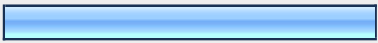

7. How many hours per day are you presently spending on the Ohlone Campus? Please indicate the \*average\* number of hours for each day of a typical 5-day work week.

		Response Percent	Response Count
1 to 2		4.4%	6
2 to 4		10.3%	14
4 to 6		14.0%	19
6 to 8		16.2%	22
<b>8 to 10</b>		<b>52.9%</b>	72
More than 10 hours per day		2.2%	3
		<b>answered question</b>	<b>136</b>
		<b>skipped question</b>	<b>1</b>

8. How many days per week are you presently spending on the Ohlone Campus?

		Response Percent	Response Count
1		8.1%	11
2		8.1%	11
3		5.9%	8
4		12.5%	17
<b>5</b>		<b>60.3%</b>	82
6		4.4%	6
7		0.7%	1
		<b>answered question</b>	<b>136</b>
		<b>skipped question</b>	<b>1</b>

9. Assuming it meets your schedule, are you willing to participate in a 1-2 hour focus session along with approximately 10 – 20 other employees to discuss policy and funding issues related to the parking system? These issues may include such issues as fees, parking management, parking facility location and design.

		Response Percent	Response Count
Yes		41.0%	55
No		59.0%	79
<i>answered question</i>			<b>134</b>
<i>skipped question</i>			<b>3</b>

10. Is there anything you would like to add or comment about regarding the parking situation at Ohlone College?

		Response Count
		49
<i>answered question</i>		<b>49</b>
<i>skipped question</i>		<b>88</b>