

**MEMORANDUM**

**To:** Board of Regents

**From:** Board Office

**Subject:** Iowa State University Memorial Union Renovation and Parking Ramp Repairs

**Date:** July 21, 2004

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**Recommended Actions:**

1. Grant permission to proceed with project planning, including the design professional selection process, for the **Memorial Union Parking Facility—Structural Repairs** project which would address the deterioration of the structure's post-tensioning system and concrete floor slab to extend the life of the parking ramp, and authorize the Executive Director to approve the selected design professional firm and the negotiated agreement for services.
  2. Consider an increase of \$.25 in the parking rate for the first hour for the Memorial Union parking ramp (from \$.75 per hour to \$1.00 per hour) and the other hourly rates (Attachment B).
  3. Consider the financial plan for the Memorial Union renovation and parking ramp repairs.
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**Executive Summary:**

Parking Ramp Repairs

The University requests permission to proceed with project planning, including the design professional selection process, for the **Memorial Union Parking Facility—Structural Repairs** project which would correct the deterioration of the structure's post-tensioning system and concrete floor slab, thereby extending the life of the parking ramp.

The University is recommending that Option 2 of four options presented by the consultants, Walker Parking Consultants, be undertaken to correct the parking ramp deficiencies.

This option, which the University estimates would have a project cost of \$3.4 million, provides for the removal of concrete, inspecting and testing of all post-tensioning slab tendons, and replacement of damaged tendons and deteriorated concrete.

The University reports that this option has the highest net present value based on a 40 year cycle, and allows the work to be phased so that the parking facility can remain operational during the repairs.

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#### Parking Rates

The University requests that the Board consider an increase in the parking rate for the first hour in the Memorial Union ramp from \$.75 per hour to \$1.00 per hour.

To increase parking rates, the Board of Regents is required by the Code of Iowa §262.9(18) to take action no sooner than 30 days after notification of the proposed increase to the presiding officers of each student government organization at each affected institution.

The Board approved changes in the parking system rates at its April 2004 meeting; however, the proposed increase in the rate and the rates for the Memorial Union ramp were not included with the other parking rates approved in April.

- The University reports that this was an oversight due to the Union's independent operating status in the past and the presence of a new director.

Written notification of the amount of the proposed parking rate increase will be mailed to the presidents of the Government of the Student Body and the Graduate Student Senate at Iowa State University.

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#### Financial Plan

The University wishes to combine the costs of the parking ramp repairs with the costs of the Memorial Union renovation (previously approved by the Board in April 2004) into one bond issue.

The approved budget for the Memorial Union renovation (\$17 million) includes Memorial Union Revenue Bond proceeds of \$14.6 million, accumulated Memorial Union student building fee revenue of \$1.4 million and University Bookstore Improvement Funds of \$1.0 million.

Including the Parking Ramp repairs and refinancing of existing Memorial Union debt, Springsted, Inc., the Board's financial advisor, has estimated that a bond issue of approximately \$25 million will be needed to fund the projects. The University proposes a 25 year bond issue.

The University has provided a proforma (see Attachment A) to indicate the projected revenues and expenses for the Memorial Union, including the parking ramp. The University wishes to continue to include the parking ramp as part of the Memorial Union enterprise rather than including it as part of the University's Parking System.

The University reports that the parking ramp is an integral part of the Memorial Union's operations. Much of its event and meeting activity requires parking support, and the ramp is critical for the hotel operation.

The financial plan is based upon a set of future revenue and cost assumptions. The University reports that its assumptions are conservative and appropriate for planning purposes. While the rates may change, the University believes that the relationships between revenues and expenses are correct; it is these relationships which determine the ratios needed for bond coverage requirements.

Under the financial plan presented by the University, mandatory student building fees would not increase (currently \$24.55 per student per semester or \$49.10 per student per academic year).

The University Book Store will pay rental income to the Memorial Union equal to the debt service on the \$5 million in bonds to be sold for the portion of the project that will provide additional space for the Book Store.

New tenant spaces in the expansion part of the Union project are estimated to rent for \$20.00 per square foot.

Revenues from the parking ramp include a \$0.25 per hour increase for the first hour in the first year, and a similar increase for the second hour in the following year. This would result in an approximate increase of \$44,000 in daily revenues in the first year and an increase of \$49,000 in daily revenues in the second year, according to the University's calculations.

General fund support is shown as increasing 4% per year from FY 2005 forward.

A 4% inflation rate is assumed for expenses including wages, with some adjustments for planned staffing changes and increased efficiency.

The University also reports that the financial plan provides for significant periodic maintenance of the parking ramp as recommended by Walker Parking Consultants.

**Background:**

Separate Non-Profit Corporation

The Iowa State Memorial Union, as a separate non-profit corporation, was established in 1922.

In 1925, under agreements originally approved by the Board of Education (predecessor to the Board of Regents), the Board allowed the Iowa State Memorial Union (corporation) to raise funds to construct a student union facility to serve the students of Iowa State University. This corporate structure was necessary in the beginning because the University, through the Board of Regents, lacked authority to borrow the money.

The intent of the original agreement was to transfer the Memorial Union to the University once the debts were paid off or at a time when the Board of Regents agreed to assume the remaining debt.

Transfer of Memorial Union to Iowa State University

In November 2002, the Board approved the transfer of the Memorial Union facility from the Memorial Union corporation to Iowa State University. The transfer was undertaken to improve the bonding capacity and fund raising capabilities of the Union to finance facility renovations and upgrades.

Board action in November 2002 also established a self-liquidating Memorial Union Facility; the Union is now being operated as a self-supporting entity, in accordance with Iowa Code Chapter 262, which authorizes the Board to construct, equip, maintain and operate self-liquidating and revenue producing facilities at the universities, and borrow money to construct or improve the facilities.

With the transfer of the Union, the University assumed outstanding debt, currently totaling \$4.4 million, which represents previous financings for the construction of additions and renovations to the facility.

Student Building Fees

In November 2002, as part of the approval of tuition and mandatory fees, the Board approved a new mandatory building fee, beginning with the 2003-2004 academic year. This fee supplemented the existing Student Union building fees for future improvements and debt service.

The amounts of the building fees for the Memorial Union per academic year, per student were as follows:

| <u>1999-2000</u> | <u>2000-2001</u> | <u>2001-2002</u> | <u>2002-2003</u> | <u>2003-2004</u> |
|------------------|------------------|------------------|------------------|------------------|
| \$7.80           | \$11.06          | \$18.32          | \$18.32          | \$49.10          |

Support for  
Operations of  
Union

Prior to FY 2004, a portion of designated tuition helped to support the operations of the Memorial Union.

The amounts per academic year, per student were as follows:

| <u>1999-2000</u> | <u>1999-2001</u> | <u>2001-2002</u> | <u>2002-2003</u> | <u>2003-2004</u> |
|------------------|------------------|------------------|------------------|------------------|
| \$46.68          | \$47.60          | \$50.00          | \$54.00          | \$00.00          |

With the Board's approval in November 2002 to allow Iowa State University to assume operational responsibility for the Memorial Union, the University absorbed the Memorial Union's operations and now provides direct general fund support to the facility.

The general fund support for the Union was \$1,544,821 in the revised FY 2004 budget; the proforma includes the amount of \$1,493,141 in FY 2005.

Memorial Union  
Renovation  
Project

In April 2004, the Board approved the schematic design and project description and budget (\$17,000,000) for the **Memorial Union Renovation—Phase 1** project which will provide circulation, accessibility and life safety improvements, upgrade meeting rooms and building systems, construct an addition and renovate existing space for the University Book Store, and provide roof repairs.

The approved project budget included revenues from the sale of Memorial Union Revenue Bonds (\$14,600,000), accumulated Memorial Union student fee revenue (\$1,400,000), and University Book Store Improvement Funds (\$1,000,000).

The scope of the renovation project was sized so that the debt service would support the project costs and retire the existing Union debt that was assumed with the transfer of the Union to the University.

The revised calendar year 2004 bond issuance schedule presented in Agenda Item 21 includes the sale of the bonds for the project in November 2004.

The current schedule provides for a bid date in February 2005, with construction scheduled to begin in March 2005.

The financial plan for the renovation is included as part of the overall financial plan for the renovation and parking ramp repairs project discussed later in this memorandum.

Parking

Code of Iowa, Chapter 262, allows the Board to make rules regarding policing, control, and regulation of traffic and parking on the property of any institution under its control. The Code also requires notification to students 30 days prior to action by the Board to increase charges or fees at the universities.

According to Administrative Code, the Board must approve any fees or charges for parking, monetary sanctions, or modifications to traffic and parking regulations.

Memorial Union  
Parking Facility

The Memorial Union Parking Facility, constructed in 1966 and 1967, consists of six and one-half levels with the capacity for 640 vehicles. The parking deck structure was constructed of post-tensioned concrete slabs supported by pre-cast concrete beams.

**Analysis:**

Memorial Union  
Parking Facility  
Structural Repairs

Project Summary

|                       | <u>Date</u> | <u>Board Action</u> |
|-----------------------|-------------|---------------------|
| Permission to Proceed | Aug. 04     | Requested           |

The University recently retained the firm of Walker Parking Consultants, Minneapolis, Minnesota, to perform a condition appraisal of the parking facility. This report, dated April 2004, indicates that the parking ramp has experienced significant corrosion-induced deterioration of the post-tensioning system, and serious structural deterioration in the concrete floor slab system.

- Cracks in the concrete deck surface allow moisture penetration which corrodes the steel post-tensioning system and results in eventual failure of the tendons.
- Many of the steel tendons are broken, thereby reducing the load carrying capacity of the parking structure.

While a number of broken tendons in the facility were replaced in 1989 and 2000, continued corrosion has resulted in additional tendon failures which must be addressed to improve the structural safety of the parking ramp.

The Executive Summary of the consultant’s report notes that a structural review of the floor “indicates that reserve floor capacity is present, but provides a lower factor of safety. The tendons in the floor slab need to be repaired now to improve structural safety and prepare for the potential of additional tendon breaks.”

Options to  
Correct  
Deficiencies

The University reports that the consultant's recommendations were made with the understanding that a repair project would begin during the summer 2005 construction season.

The Walker Parking Consultants report recommended four possible options to correct the deficiencies with the parking ramp. (The costs and service life have been provided by Walker Parking Consultants.)

1. Spot Patch Repairs

This option would repair only the broken post-tensioning tendons that have been identified, repair all of the deteriorated concrete, and waterproof the concrete floor slab.

According to the consultants, this option has the lowest probable construction cost (estimated at \$2.9 million), highest maintenance costs (estimated at \$80,000 - \$120,000 per year), and shortest estimated service life (20 years); the parking facility could remain operational during the repairs.

2. Removal of Pour Strip Concrete and Repairs

This option would remove all pour strip concrete, inspect and test all post-tensioning slab tendons, replace all damaged tendons and deteriorated concrete, and waterproof the concrete floor slab.

In comparison with Option 1, this alternative, according to the consultants, has a higher initial probable construction cost (estimated at \$3.7 million), slightly lower maintenance costs (estimated at \$43,000 to \$71,000 per year), and a longer estimated service life (20 to 25 years); the parking facility could remain operational during the repairs.

The cost estimate is based upon the replacement of 100 of the 572 tendons in the facility; if additional tendons need to be replaced, the costs would be higher. The University reports that Walker Parking Consultants have taken a conservative approach in estimating the number of tendons that require replacement based upon observed spalling.

To monitor and address the tendons that would not be replaced under this option, the University plans to have an engineering consultant undertake annual inspections to determine the condition of the tendons. The Memorial Union Mechanical Department also conducts routine maintenance checks of the facility numerous times each year to detect spalling and other conditions that indicate deterioration of the facility. The University reports that tendons which would need to be replaced

as part of these inspections would be funded from the Memorial Union capital projects account as a priority item. (The consultants have estimated that the cost of replacing each tendon, if done separate from the renovation project, would be \$11,000 to \$12,000.)

3. Removal and Replacement of Concrete Slab

This option would remove the entire post-tensioned concrete floor slab (leaving the pre-cast tees and columns in place), install a new post-tensioned floor slab with improved durability, repair any remaining deteriorated concrete, and waterproof the concrete floor slab.

In comparison with Options 1 and 2, the consultants have determined that this alternative has a much higher initial probable construction cost (estimated at \$7.3 million), lower maintenance costs (estimated at \$35,000 to \$50,000 per year), and a significantly longer estimated service life (35 to 45 years); it would be more difficult for the parking facility to remain operational during these repairs.

4. Replacement of Parking Structure

This option would demolish the existing parking structure and construct a replacement structure.

This alternative, according to the consultants, has the highest initial cost (estimated at \$6.7 million to \$9.8 million), lowest maintenance costs (estimated at \$21,000 to \$35,000 per year) and longest estimated service life (50 to 70 years).

The University reports that Option 1 would provide only a short-term solution and would not address potentially weak tendons that could fail in the future; the University further reports Options 3 and 4 are not financially feasible at this time.

University  
Recommendation

The University recommends proceeding with Option 2 to correct the parking ramp deficiencies. The University's cost estimate for this option is \$3.4 million compared to Walker Parking Consultants' estimate of \$3.7 million since some of the items included in the consultant's report would be completed separately from the proposed project.

The University reports that this option has the highest net present value based on a 40 year cycle, and allows the work to be phased so that the parking facility can remain operational during the repairs.

- The University reports that a timeline of 40 years was used because it provides a timeframe into which the four options fall.

- The University also reports that although Option 4 provides the longest useful life, it would require relocating parking to another area of campus for the twelve months when the existing parking ramp would be demolished and a new one constructed. Option 3 would require closing the Parking Ramp for six months. There would be no alternate parking sites to accommodate the displaced vehicles during the demolition and construction timeframe.
- In response to a question from the Board Office about the possibility of increasing the number of parking spaces in the ramp (which would be possible if Option 4 were selected), the University reported that based upon an analysis of the usage of the ramp over the past two years, the current 640 spaces are adequate to service the needs of the Memorial Union, its tenants and conference guests. The University further reported that there is no perceived need for additional spaces.
- A copy of the University's net present value analysis, which provides a method to compare the value of an investment now with its value in the future using a discount rate and a series of future payments and income, is available from the Board Office.
  - This analysis shows that the highest present value is obtained from Option 2.

Requested  
Authorization

The University requests that the Board authorize the Executive Director to approve the selection of the design professional (the University will follow Board procedures for selecting the design professional for projects greater than \$1 million) and the negotiated agreement so that the project can be bid in the spring of 2005 with construction to commence during the summer 2005 construction season; the majority of the disruption from construction would occur before fall 2005 classes begin.

Construction work in the ramp would be scheduled during non-peak times which would allow it, according to the University, to generate revenues at the current average occupancy rate with only 150 spaces closed for renovation at a time.

Anticipated  
Project  
Cost/Funding

The University's estimated project cost for Option 2 is \$3.4 million.

- To reach this estimated cost, the University utilized Walker Parking Consultants' estimate (\$3.7 million), deleted from the estimate those pieces of equipment which will be reused (rather than purchased new), deleted maintenance items to be performed by Memorial Union staff, and added professional fees and contingencies.

The University wishes to fund the improvements through the sale of Memorial Union Revenue bonds as detailed in the financing plan below.

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Parking Rates

The University requests Board approval of the hourly fees of the parking ramp. These rates were not included in the other parking rates approved in April.

Due to the requirements of Iowa Code regarding 30 day notice, the Board can consider the rates at its August meeting, but must delay approving the rates until its September 2004 meeting.

The University reports that not bringing the rates to the Board in April was an oversight due to the past, independent operating status of the Memorial Union and that a new director was unaware of the need for Board approval.

FY 2005 proposed parking rates are detailed on Attachment B. The University has requested an increase in the hourly rate for the first hour from \$.75 per hour to \$1.00 per hour. Information provided by the University shows that revenues from hourly and daily parking would increase by approximately \$44,000 from FY 2004 to FY 2005.

The University further reports that these rates are consistent with similar short term campus parking rates previously approved by the Board.

The University envisions bringing forward for approval next year an increase in the rate for the 2<sup>nd</sup> hour from \$.75 per hour to \$1.00 per hour.

Details of the financial proforma for the Memorial Union renovation and the parking ramp repairs include rate increases of \$0.25 per hour for the 3<sup>rd</sup> hour and in the daily maximum in FY 2007, the 4<sup>th</sup> hour in FY 2008 and remaining hours in FY 2009.

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Financing Plan

When the Board granted permission to proceed with project planning for the Memorial Union Renovation project in January 2002, it requested that the University provide a financing plan for the renovation.

Ramp as Part of Memorial Union Self-Liquidating Enterprise

The University wishes to include the funds needed to repair the parking ramp as part of the bond issue for the Union Renovation; therefore, the parking ramp must be included as part of the Memorial Union self-liquidating enterprise as opposed to a component of the University's Parking System.

The University reports that the parking ramp is an integral part of the Memorial Union's operations. Much of its event and meeting activity requires parking support, and the ramp is critical for the hotel operation.

The University further states that since the ramp is contiguous to the building, there are operating efficiencies to be gained by having the ramp managed by Memorial Union staff rather than the staff of the University's Parking Operations.

The University has provided the following additional rationale for the Parking Ramp remaining under the purview of the Memorial Union:

- The primary business of the Parking Ramp is retail/short term parking, not long-term permit parking.
- The Parking Ramp complements all of the enterprises operating within the Iowa State Memorial Union. The ramp can be used to promote business for the Iowa State University Book Store, provide convenient parking for conference guests and provide free and convenient parking for patrons of the guest rooms.
- Parking provisions can be made at the discretion of the Iowa State Memorial Union management staff to modify the manner of parking for specific events. For example, "event" or prepaid parking can be arranged for events in which "mass" exiting from the ramp is required following large events.
- Questions related to the Parking Ramp can be handled by the parking attendant or by the Guest Room/Main Desk staff. The Memorial Union has on-site management staff into the evening and weekend hours to trouble shoot problematic situations.
- Cleaning and maintenance of the Parking Ramp can be scheduled at times when the Iowa State Memorial Union facilities are not in high demand and be performed by Iowa State Memorial Union in-house mechanical and custodial staff.

**Bond Issue Size** The University proposes the sale of 25 year bonds for the renovation and parking ramp repairs. Based upon the costs to be financed, including \$14.6 million for the Union renovation, \$3.4 million for the parking ramp repairs and \$4.5 million in existing debt (including principal and interest), Springsted, the Board's financial advisor, has estimated that the bond issue size will be slightly less than \$25 million.

The plan to finance the Memorial Union renovation and parking ramp repairs includes Memorial Union revenues, student fees and rent from Memorial Union tenants, including the Book Store, to be pledged to meet annual debt service on the bonds.

- Assumptions      The assumptions included in the financial plan are as follows:
- Student Building Fee      • Mandatory student building fee of \$24.55 per semester (\$49.10 for the academic year). Student FTE equivalents are assumed to decrease from the current level of 52,000 semester enrollments to 50,000 semester enrollments, in accordance with the University's projected enrollment. Revenue from the fee is projected to total \$1,227,500 per year.
- Book Store Rent      • The 10,000 square foot expansion for the University Book Store will be paid for by rental income equal to debt service on the \$5 million in bonds attributable to the cost of the expansion. The book store rent will also pay a share of the reserve and issuance expenses, and the book store will be responsible for the estimated \$45,000 per year in annual operating costs attributable to the expansion.
- At the projected 5% interest rate on the bonds, the Book Store rent is estimated to be \$450,000 per year. The University reports that the Book Store's ability to meet this rental obligation is based on a conservative set of assumptions. Revenues are projected to increase a modest 10% as a result of nearly doubling the available retail space. The Book Store also projects \$300,000 in annual savings in inventory handling as a result of eliminating the off-site warehousing operation.
- Other Rents      • Rents on other tenant spaces in the building, including the existing Book Store space, are projected to increase as a result of the renovations which will improve public areas and circulation.
- New tenant spaces in the expansion are assumed to rent for \$20.00 per square foot, including utilities, to self-supporting tenants such as an ISU dining coffee shop/C-(convenience) Store and the copy center.
- New tenants such as a financial institution or other services of value to students and staff will be sought through a competitive process, if needed.
- Income from all rentals is shown on the proforma as increasing from \$302,690 in the FY 2004 revised budget to \$589,626 in FY 2008; income after that date would increase by approximately 3% per year.

- Parking Ramp Revenues
  - Parking ramp revenues are expected to increase by \$.25 for the first hour next year (see above for requested rate increase). A similar increase is projected for the second hour in the following year. The Memorial Union parking ramp is used primarily for short term parking, largely by off-campus visitors.
  
- General Fund Revenues
  - Other revenues, including General University support, are projected to increase at an inflationary rate of 4%.
    - The University's proforma includes the FY 2004 revised budget of \$1,544,821 in general fund support; in FY 2005 this amount decreases to \$1,493,141 before increasing by 4% per year through FY 2014.
  
- ISU Dining
  - The decline in Memorial Union, ISU Dining revenues from FY 2005 to FY 2006 represents a newly negotiated rate that reflects the phased purchase of Memorial Union food service and vending equipment between FY 2003 and FY 2005. Since the equipment will have been purchased by ISU Dining and the Memorial Union will no longer have responsibility for cash counting, equipment replacement, and repair and maintenance, a new rate has been negotiated.
  
- Expenses
  - A 4% inflation rate is assumed for expenses including wages, with some adjustments for planned staffing changes and increased efficiency.
  - The plan provides for the significant periodic maintenance expenses as recommended by the Walker Parking Consultants as well as some renewal and replacement for the spaces not included in the Phase 1 renovation of the Memorial Union.
  - The expenses for the parking ramp range from a low of \$64,000 in FY 2005 to a high of \$203,060 in FY 2010.
  - The University reports that the second and possible third phase renovations of the remaining portions of the Memorial Union are being reviewed for future support either by private fund raising or student funding. No specific timeline has been established.

The University has prepared the attached pro forma (Attachment A) which includes the assumptions above. According to the University's calculations, there is a minimum coverage ratio of 2.14 (214%) when projected system fund balances are included. The estimated debt service in the proforma, which was provided by Springsted, Inc., the Board's financial advisor, is based on 25 year bonds.

Although the documents for a bond sale for the Union have not yet been drafted, they are likely to require a minimum of 1.2 coverage (120%). (This percentage is the coverage requirement for the bond issues for student unions at the University of Iowa and the University of Northern Iowa.)

With consideration of the financial plan, the bond issue for the renovation and the parking ramp repairs would be scheduled for November 2004. (See AGENDA ITEM 21)

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Joan Racki

Approved:   
Gregory S. Nichols

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**Memorial Union 10 Year Proforma**

|   | Accrual Basis    |                  |                  |                   | FY 04<br>Revised<br>Budget | Cash Basis         |                    |                    |                    |
|---|------------------|------------------|------------------|-------------------|----------------------------|--------------------|--------------------|--------------------|--------------------|
|   | FY 00<br>Actual  | FY 01<br>Actual  | FY 02<br>Actual  | FY 03<br>Actual   |                            | FY 05<br>Pro forma | FY 06<br>Pro forma | FY 07<br>Pro forma | FY 08<br>Pro forma |
| <b>Revenues</b>   |                  |                  |                  |                   |                            |                    |                    |                    |                    |
| Ramp  | 466,581          | 436,270          | 466,810          | 462,474           | 456,326                    | 503,953            | 555,865            | 585,911            | 606,867            |
| Rentals   | 306,719          | 312,112          | 317,669          | 290,030           | 302,690                    | 311,708            | 404,306            | 524,257            | 589,626            |
| Guest Rooms   | 560,217          | 533,695          | 497,866          | 559,455           | 506,909                    | 534,166            | 564,726            | 596,916            | 629,190            |
| ISU Dining  | 0                | 0                | 0                | 172,500           | 345,000                    | 345,000            | 186,585            | 194,498            | 202,767            |
| MU Dining Net Income  | 428,780          | 293,783          | 329,043          | 80,197            |                            |                    |                    |                    |                    |
| ISU General Funds   | 0                | 0                | 0                | 0                 | 1,544,821                  | 1,493,141          | 1,552,867          | 1,614,981          | 1,679,581          |
| Interest Income (@3% incl reserves)                             | 11,241           | 8,380            | 3,088            | 2,930             | 12,648                     | 53,871             | 91,859             | 99,173             | 104,340            |
| Other Revenues  | 527,008          | 699,002          | 548,082          | 614,360           | 476,310                    | 499,200            | 491,046            | 482,921            | 497,409            |
| Bookstore Expansion Rent  | 0                | 0                | 0                | 0                 |                            | 148,333            | 410,000            | 410,000            | 410,000            |
| Student Fees  | 1,489,429        | 1,546,668        | 1,767,253        | 1,806,439         | 201,630                    | 427,777            | 1,227,500          | 1,227,500          | 1,227,500          |
| <b>Total Revenues</b>   | <b>3,789,975</b> | <b>3,829,910</b> | <b>3,929,811</b> | <b>3,988,385</b>  | <b>3,846,334</b>           | <b>4,317,150</b>   | <b>5,484,753</b>   | <b>5,736,159</b>   | <b>5,947,279</b>   |
| <b>Cost of Goods</b>  | 11,967           | 13,801           | 12,663           | 19,264            | 19,000                     | 19,700             | 20,488             | 21,308             | 22,160             |
| Salaries , Wages and Benefits                                   | 2,297,936        | 2,417,090        | 2,343,040        | 2,399,723         | 2,528,674                  | 2,499,278          | 2,545,550          | 2,651,649          | 2,706,031          |
| Other Operating Expenses  | 576,524          | 608,850          | 539,635          | 637,166           | 607,824                    | 625,808            | 650,840            | 676,874            | 703,949            |
| Building Maintenance Expenses                                   | 153,949          | 143,603          | 130,442          | 154,828           | 120,000                    | 142,735            | 113,590            | 148,501            | 130,000            |
| <b>Total Expenses</b>   | <b>3,040,376</b> | <b>3,183,344</b> | <b>3,025,780</b> | <b>3,210,981</b>  | <b>3,275,498</b>           | <b>3,287,521</b>   | <b>3,330,469</b>   | <b>3,498,332</b>   | <b>3,562,140</b>   |
| <b>Operating Net Income</b>                                     | <b>749,599</b>   | <b>646,566</b>   | <b>904,031</b>   | <b>777,404</b>    | <b>570,836</b>             | <b>1,029,629</b>   | <b>2,154,285</b>   | <b>2,237,827</b>   | <b>2,385,139</b>   |
| less University Admin Fee                                       | 0                | 0                | 0                | 0                 | 26,829                     | 28,439             | 36,174             | 44,735             | 54,329             |
| less Capital Expenditures                                       | 0                | 0                | 0                | 0                 | 126,221                    | 241,918            | 216,290            | 358,364            | 270,405            |
| less Note Interest Expense                                      | 295,925          | 293,343          | 269,509          | 259,710           | 411,303                    | 83,000             |                    |                    |                    |
| less Debt Service   |                  |                  |                  |                   |                            | 534,722            | 1,659,445          | 1,660,875          | 1,659,237          |
| <b>Change in System Fund Balance</b>                            |                  |                  |                  |                   | <b>417,786</b>             | <b>141,550</b>     | <b>242,375</b>     | <b>173,852</b>     | <b>401,168</b>     |
| less Depreciation Expense                                       | 749,557          | 768,489          | 642,956          | 580,168           |                            |                    |                    |                    |                    |
| less Transfer and Write Off of Assets per ISU Policies          |                  |                  |                  | 938,423           |                            |                    |                    |                    |                    |
|   | 23,537           | 18,513           | 23,280           | -27,911           |                            |                    |                    |                    |                    |
| <b>Net Income Accrual Basis Per Audit</b>                       | <b>-272,346</b>  | <b>-396,753</b>  | <b>14,846</b>    | <b>-1,028,808</b> |                            |                    |                    |                    |                    |
| <b>Cash Flow: Plus or Minus ( - ) Per Audit</b>                 | <b>55,637</b>    | <b>-14,599</b>   | <b>169,469</b>   | <b>532,137</b>    |                            |                    |                    |                    |                    |
| Beginning Balance   | 529,198          | 584,835          | 570,236          | 739,705           | 1,271,842                  | 1,260,981          | 1,402,530          | 1,644,906          | 1,818,758          |
| Less Cash Payments For Prior Year and Current Year Misc Expense |                  |                  |                  |                   | 428,647                    |                    |                    |                    |                    |
| Balance on 2/1/04   |                  |                  |                  |                   | 843,195                    |                    |                    |                    |                    |
| <b>Estimated Ending System Fund Balance</b>                     | <b>584,835</b>   | <b>570,236</b>   | <b>739,705</b>   | <b>1,271,842</b>  | <b>1,260,981</b>           | <b>1,402,530</b>   | <b>1,644,906</b>   | <b>1,818,758</b>   | <b>2,219,926</b>   |
| <b>Coverage Ratio (excluding system fund)</b>                   |                  |                  |                  |                   |                            | <b>1.93</b>        | <b>1.30</b>        | <b>1.35</b>        | <b>1.44</b>        |
| <b>Coverage Ratio (including system fund)</b>                   |                  |                  |                  |                   |                            | <b>4.28</b>        | <b>2.14</b>        | <b>2.34</b>        | <b>2.53</b>        |

Notes: Interest includes \$105,000 on debt service reserv plus \$15,000 on system fund balance.

Student fees include only \$3.90 for existing debt thru Dec 2003 and \$24.55 per semester afterwards. Total 50,000 FTE fees per year.

Does not include operating expenses of the expansion which will also be paid by the Bookstore. Est. \$45,000 per year.

Debt service= \$26.0 million for 25 years at 5%

Building Maintenance Expense=non-labor portion of annual maintenance activities

| Cash Basis         |                    |                    |                    |                    |                    |
|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| FY 09<br>Pro forma | FY 10<br>Pro forma | FY 11<br>Pro forma | FY 12<br>Pro forma | FY 13<br>Pro forma | FY 14<br>Pro forma |
| 630,115            | 661,621            | 694,702            | 729,437            | 765,909            | 804,204            |
| 609,124            | 629,323            | 650,249            | 671,929            | 694,393            | 717,668            |
| 662,518            | 689,019            | 716,579            | 745,243            | 775,052            | 806,054            |
| 211,431            | 219,888            | 228,684            | 237,831            | 247,344            | 257,238            |
| 1,746,764          | 1,816,634          | 1,889,300          | 1,964,872          | 2,043,467          | 2,125,205          |
| 116,345            | 130,563            | 144,338            | 156,237            | 169,423            | 182,102            |
| 545,331            | 527,701            | 543,532            | 595,898            | 576,633            | 593,932            |
| 410,000            | 410,000            | 410,000            | 410,000            | 410,000            | 410,000            |
| 1,227,500          | 1,227,500          | 1,227,500          | 1,227,500          | 1,227,500          | 1,227,500          |
| <b>6,159,129</b>   | <b>6,312,249</b>   | <b>6,504,884</b>   | <b>6,738,947</b>   | <b>6,909,721</b>   | <b>7,123,905</b>   |
| 23,046             | 23,968             | 24,927             | 25,924             | 26,961             | 28,039             |
| 2,800,476          | 2,851,815          | 2,965,302          | 3,083,329          | 3,206,076          | 3,333,734          |
| 732,107            | 761,391            | 791,847            | 823,521            | 856,462            | 890,720            |
| 135,200            | 140,608            | 146,232            | 152,082            | 158,165            | 164,491            |
| <b>3,690,829</b>   | <b>3,777,782</b>   | <b>3,928,308</b>   | <b>4,084,855</b>   | <b>4,247,664</b>   | <b>4,416,985</b>   |
| <b>2,468,300</b>   | <b>2,534,467</b>   | <b>2,576,576</b>   | <b>2,654,093</b>   | <b>2,662,057</b>   | <b>2,706,920</b>   |
| 57,589             | 61,044             | 64,707             | 68,590             | 72,705             | 77,067             |
| 279,793            | 353,724            | 458,340            | 485,213            | 504,622            | 524,807            |
| 1,658,257          | 1,659,497          | 1,658,467          | 1,660,067          | 1,659,357          | 1,656,632          |
| <b>472,660</b>     | <b>460,202</b>     | <b>395,062</b>     | <b>440,223</b>     | <b>425,374</b>     | <b>448,415</b>     |
| 2,219,926          | 2,692,586          | 3,152,788          | 3,547,850          | 3,988,072          | 4,413,446          |
| <b>2,692,586</b>   | <b>3,152,788</b>   | <b>3,547,850</b>   | <b>3,988,072</b>   | <b>4,413,446</b>   | <b>4,861,861</b>   |
| <b>1.49</b>        | <b>1.53</b>        | <b>1.55</b>        | <b>1.60</b>        | <b>1.60</b>        | <b>1.63</b>        |
| <b>2.83</b>        | <b>3.15</b>        | <b>3.45</b>        | <b>3.74</b>        | <b>4.01</b>        | <b>4.30</b>        |

ATTACHMENT B

FY 2005 Parking Rates  
Memorial Union Ramp

| <u>Type</u>  | <u>Term</u>                                  | <u>Rate</u> |   |
|--|--|-------------|---|
| Daily / hourly   | First ½ hour                                 | 0.50        |   |
|  | 1 <sup>st</sup> hour                         | 1.00        | * |
|  | 2 <sup>nd</sup> hour                         | 0.75        |   |
|  | 3 <sup>rd</sup> hour                         | 0.75        |   |
|  | 4 <sup>th</sup> hour                         | 0.50        |   |
|  | 5 <sup>th</sup> hour                         | 0.50        |   |
|  | 6 <sup>th</sup> hour – 16 <sup>th</sup> hour | 0.25        |   |
|  | Maximum daily rate                           | 6.00        |   |
| * This is an increase of \$0.25 per hour above the FY 2004 rate. |  |             |   |

Note: All other rates to be used will conform to previously-approved parking rates.