
Others Attending: Jim Alm, Bill Fritz, Edgar Torbert

Minutes of November 7, 2001 were approved.

Parking & Transportation

Ms. Johnston presented the Parking and Transportation ten-year plan, which assumed an interest rate of 6% for construction debt for a new deck, a $5 increase in the Transportation fee for FY2003, increases in parking rates for FY2003 of 33% for budget card and daily parkers, 12% for student parkers, and 22% for faculty/staff (14% for S-Deck).

Ms. Johnston advocated the 6% interest rate assumption on the basis of the volatility of interest rates and a preference for scaling back subsequent parking increases if the interest rates proved more favorable. She cited an annual cost differential of approximately $170K for each percentage point drop in the interest rate.

Ms. Johnston reported the University of Georgia had completed a new deck in seven months, and that the cost of $10K per parking space was holding.

Ms. Johnston noted MARTA plans to reduce the discount to the university for MARTA cards by $3 and the issue of including MARTA cards purchased through Housing in the Transportation fee funded MARTA (additional) discount program. She spoke in favor of MARTA incentives in order to help reduce traffic congestion downtown and pollution. She explained faculty/staff MARTA cards cost currently $42 (per month), but were also discounted $10 by the university. She indicated the MARTA cards were expected to rise in cost to $49.50 next year as MARTA addresses its shortfall.

Ms. Johnston urged adoption of the plateau approach of the plan, rather than annual increases. She noted the two $10 increases for faculty/staff parking in FY2003 and FY2005, the $5 increase in FY2006, and the flat rates otherwise through FY2010. She pointed out the plan would maintain the same MARTA card cost to students.

Dr. Jacobs commented MARTA in raising prices had pursued a counter position based on different assumptions about market elasticity. Ms. Johnston replied the MARTA decisions about ticket prices, cutting routes, etc. were not final with public hearings scheduled later in December.

Dr. Fritz reiterated the selling point of keeping the MARTA card cost the same for students. Ms. Williams asked about continuation of the discount for faculty/staff. Ms. Johnston responded the amount of the discount would remain the same, although the cost would go up with an increase by MARTA.

Ms. Williams asked about the reason for the one-step $10 increase for faculty/staff rather than
smaller annual increases. Ms. Johnston answered that the larger increase was intended to encourage use of MARTA. Dr. Jacobs asked if there was evidence the subsidized MARTA cards motivated more students to use MARTA. Ms. Johnston replied there had been insufficient time to gauge impact on MARTA ridership.

Ms. Williams asked about incentives for faculty/staff to carpool. Ms. Johnston responded this would be an item addressed by the new Director of Auxiliary Services.

Ms. Harmon commented that students in general found the current cost of MARTA cards very reasonable and would not be concerned about a $2-3 increase. She added students would be concerned about an increase in parking and transportation costs without seeing benefits such as additional parking spaces. Ms. Johnston replied that Dr. Scott would be setting up a meeting for her to discuss these issues with students. Dr. Fritz suggested advertising that the increase in the Transportation fee would allow an increase in the subsidy for the MARTA cards, which would be a benefit.

Dr. de Castro pointed out the tables distributed by e-mail did not reflect the change in the FY2004 budget card rate to $3.50 (instead of $3.00). He also voiced concern that the plan was too conservative with the use of the 6% interest rate. He singled out the $10 increase in faculty/staff parking without a tangible benefit as the main problem. He recommended that the increases be programmed more slowly. Dr. Henry replied that the increases could be downshifted later. Ms. Johnston acknowledged the PR problem, but reminded that parking is now under-funded and the total reserve at $700-800K was too small for any serious repairs. Dr. de Castro reiterated his point that the market would balk at the high increase, and clarified that the issue was the strategy, not the overall intent of the plan.

Dr. Tai stated willingness to defend the increase in faculty/staff parking given the market cost break. Ms. Williams questioned the 5-year run of no parking increases, FY2006-2010. Ms. Johnston replied that a major portion of the budget was fixed. Dr. de Castro observed many faculty and staff think parking should be free. Dr. Henry responded charging faculty and staff for parking was the norm nationally.

Dr. Henry echoed the point that the reserve was too thin. Dr. Tai asked if construction of the new deck would coincide with the increase in the parking rates. Ms. Johnston replied that a larger reserve was necessary in order to approach lenders. Dr. Henry asked if building plans could be prepared by July 1, 2002, when the higher rates would go into effect. Ms. Johnston indicated this could be done. Dr. Jacobs cautioned faculty and staff would not be moved by the argument unless it was their own lot. Dr. Huss observed the tables showed approximately 50% of faculty and staff parking in G-deck, which would not be impacted by the construction project. He urged inclusion of the shuttle option for faculty and staff as a selling point for the rate increases.

Ms. Williams stated an observation that faculty and staff parking was not in short supply and suggested fewer spaces could be rented to reduce the need for rate increases. Ms. Harmon pointed out students had only one option for monthly parking, M-deck.

Dr. Jacobs noted the interplay of looking good to lenders and lower interest rates. Ms. Johnston reiterated the interest rates are unpredictable. Dr. Henry added lenders could not be approached
immediately since the project had not been designed. Ms. Johnston urged maximizing revenues. Dr. de Castro asked about borrowing the funds in advance. Ms. Johnston replied this would be in violation of federal arbitrage laws. She cautioned that although the foundation would build the decks, Board of Regents approval would be necessary for use of state property (land). She noted approvals for similarly financed projects at other campuses.

Dr. Jacobs asked about the fit with the Master Plan regarding land use. Ms. Johnston responded that the Master Plan showed other use of the land behind the Recreation Center.

Dr. de Castro made a motion to increase the Transportation fee by $5. Dr. Jacobs seconded the motion. The motion passed.

Dr. de Castro made a motion to increase the monthly rate by $5 (from $45 to $50). Dr. Jacobs seconded the motion.

Dr. Tai asked about the impact of the $5 increase rather than a $10 increase. Ms. Johnston stated the result would be a smaller surplus for the reserve. Dr. Huss indicated his vote would be "no" because he preferred a $10 increase linked to providing shuttle service for faculty and staff. Ms. Williams indicated her vote would be "no" because she preferred more efficient utilization of current spaces. The motion passed (3-2).

Dr. de Castro made a motion to recommend proceeding with construction of the replacement deck following the general scheme of the pro forma presented by Ms. Johnston with the understanding adjustments would be made year-to-year and shuttle service would be incorporated. Dr. Tai seconded the motion. The motion passed.

Professional Program Tuition Differentials

Dr. Henry reported the College of Law and the School of Nursing had declined to request professional program tuition differentials as invited by the Board of Regents. He reported the J. Mack Robinson College of Business had requested a $5 per credit hour increase ($20 per credit hour for out-of-state) for MBA and specialized master's degree programs.

Dr. Huss commented that graduate student services had been criticized by students and the increased revenues would be directed toward improvements in those services. He indicated the increase would be discussed with the Graduate Business Association, which would likely support the increase. Dr. Henry stated the projected increased revenues would be added to the July 1, 2002 budget for the college.

Dr. de Castro asked about the representativeness of the Graduate Business Association. Dr. Huss assured GBA was representative of MBA students.

Dr. Huss made a motion to recommend the $5 per credit hour increase. Dr. Jacobs seconded the motion. The motion passed.

Budget Reduction
Dr. Henry announced the Board of Regents had been instructed to reduce FY2002 budgets by 2.5% (Plan A). He explained this reduction also applied to MRRF and SFI allocations, which would affect Georgia State by $107K in MRRF and $12K in SFI (graduate initiatives).