

BOARD OF GOVERNORS
Project Summary
Florida State University
West Campus Dining Facility
And
Johnston Building Dining Improvements

Project Type:

Currently, the Florida State University main campus has only one meal plan dining facility, which is located in the Oglesby Student Union. The facility is inadequate to serve the current and projected future dining facility needs of the University. Additionally, it is inconvenient to students residing in residence halls at the east and west ends of the campus.

The University plans to construct the West Campus Dining Hall, a 15,900 square foot facility to be located on the west side of campus. The proposed project consists of a new kitchen/cafeteria with a planned seating capacity inside the facility of 360 and an additional 2,900 square feet of covered outdoor space to serve the dining facility needs of students, faculty, and staff.

The University also plans to completely restore and renovate the east wing of the William H. Johnston Building to serve the dining facility needs of the students, faculty and staff located on the east side of campus. This project will consist of the renovation of approximately 21,000 square feet and will include the construction of a new kitchen. The new kitchen will feature food prepared to order in front of the customer, known as “Real Food on Campus”. The facility will support 1,050 people and will have a capacity to serve 350 meals per hour.

The proposed total project cost for the West Campus Dining Facility is \$6,020,460, and the total project cost for the Johnston Building Dining Improvements is \$6,837,000, with a total combined cost for the two projects of \$12,857,460. The projects will be financed from fixed rate, taxable or tax-exempt bonds issued by the Division of Bond Finance of the State Board of Administration of Florida in an amount not to exceed \$11,200,000. Available University funds of \$2,857,460 will be used to fund a portion of the project.

The proposed bond issue may be deemed taxable by the Internal Revenue Service.

Facility Site Location:

The West Campus Dining Facility will be located on Call Street between Salley Hall and the Stone Building, across from the new College of Medicine. The Johnston Building Dining Improvements will be in the east wing of the William H. Johnston Building, which was originally constructed in 1913

Market: The targeted market for the two dining facilities will be students, faculty, staff, and campus visitors.

Pledged Revenues: The University has negotiated a contract with ARAMARK to provide campus dining services for a guaranteed commission to the University of \$1,150,000 per year for the first two years and an annual increase thereafter. The commission revenues are pledged for the payment of debt service.

Summary of Proforma: The ARAMARK contract guarantees annual commissions which represent an amount sufficient to cover anticipated expenses, debt service and a repair and maintenance reserve. Expenses incurred in the initial contract year are start-up costs related to the University's share of construction and equipment costs. It is anticipated that expenses will decrease from \$288,500 (includes start up costs) to \$25,000 in the second year of the contract since ARAMARK is responsible for the first \$100,000 of repair and replacement expenses on an annual basis. Dining operations revenues from commission guarantees are expected to increase after the second year of the contract. In 2005-2006, the third year of the contract, revenue will increase \$75,890 or 6.6%; in 2006-2007, revenue will increase \$29,339 or 2.39%; and for years 2008-2009 through 2012-2013, the increase will be approximately \$22,000 or 1.7% per year.

Current Dining Facilities: Currently, there is only one meal plan dining facility which is located in the Oglesby Student Union on the main campus of the University. The facility accommodates approximately 350 students. This facility will be converted to a retail food court operation after the West Campus Dining Facility project and the Johnston Building Dining Improvements projects have been completed. Most board plan students live on campus, and the addition of these two projects will provide convenient, accessible, dining facilities for dormitory students on the east and west ends of the campus.

Debt Service The projected debt service coverage ratio in fiscal year 2005-2006, the first year of operation of the dining halls is 1.23. This is projected to increase in subsequent years as the commission payment increases.

Demand Analysis: During the past decade, Florida State University has experienced a significant increase in student enrollment. In the ten years between 1993 and 2003, enrollment has increased from 28,000 to over 36,000 students. In response to these population changes, the University has evolved into a large, comprehensive research institution. University operations have likewise evolved, including academic/research programs, administrative functions, and other campus support facilities. This 28% increase in enrollment has strained all aspects of the campus services, including housing, and meal plan services.

Nationwide, recruitment for qualified students remains very competitive. Accordingly, the University recognizes the need to offer convenient,

attractive dining venues on campus, and the potential for capturing more of the “cash market” which is those students who are not on a meal plan but desire the convenience of dining on campus between classes.

Meal plan customers are currently limited to one option which is at the dining facility located in the Oglesby Student Union. The current dining facility is inconvenient to those students residing in residence halls at the east and west ends of the campus. The arrangement also does little to progressively address accessibility issues within the student and faculty population. Additionally, the travel distance required from distant residence halls poses an increased safety risk for the students. There are five residence halls serving the west campus area: Kellum Hall, Smith Hall, Rogers Hall, and McCollum Hall, with a population total of 2,060 students. Salley Hall is the only one with a campus sponsored eatery, and its menu selection is limited primarily to pizza and salads.

Planned Occupancy Date: It is anticipated that the West Campus Dining Facility will be ready for occupancy June, 2005, and the Johnston Building Dining Facility Improvements will be completed for occupancy January, 2006.