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Our Community Parking Co-operative (OCPC)

THE PROBLEM: Every community has difficulty paying for activities not normally funded by government; for example, day care. The traditional response is to seek additional public funds or engage in fund-raising, but this produces a fluctuating “boom-and-bust” funding cycle with limited returns and serious stability issues for the community agency seeking the funding.

THE ISSUE: How to create significant sources of revenue for unfunded community projects and programs without broadening the scope and daily activities of government.

THE SOLUTION: We have a way to fund these activities. We propose to use parking lot revenue from public and “blended value” (BV) enterprise assets as a community resource.¹

THE MARKET OPPORTUNITY: This business opportunity lies in the present failure of the parking industry to provide (a) higher returns to government, BV and non-profit owners (b) competitive buying choices for clients and consumers (c) desire to purchase by the consumer (d) superior service.

Parking management is a mature industry with known costs, standard operating models, stability and predictable cash flows. Our difference—our competitive advantage—is where we put the money. Private firms take the lion’s share of public and social economy revenues when they manage these lots. When it is a hugely dominant corporation based elsewhere, significant revenue is drained from the province.²

Our vision is to keep this revenue local by creating a for-profit Blended Value enterprise. Our goal is to use the profits of leveraged Crown and BV assets (land) to benefit the people of BC, by sharing greater revenues and the majority of profits earned through a free enterprise business co-operative entity with every community where we operate. Our long-term goal is to expand across North America to encompass a significant portion of a market with revenues estimated at \$US 25billion+.³ We will seed co-operative partner entities as we grow the business.

¹ Our target clients include (a) Public clients - municipal and Crown departments, Crown corporations, agencies, transit authorities, school boards, post-secondary institutions, and health boards (b) “Blended Value” organizations, such as co-operatives, foundations, non-profits, not-for-profits, fraternal organizations and religious organizations such as churches, temples and synagogues.

² Consider Imperial Parking (Impark); now privately owned by The Gates Group with capital partners Prudential Capital Group and CapitalWorks LLC of Cleveland, Ohio (www.thegatesgroupllc.com) Impark is the largest Canadian and fourth largest US parking management firm. As a public company, Impark last reported earnings in 2004 of ~\$174 million (cf: www.globeinvestor.com/&outfile=gi_snapshot_robmag.log).

³ The Gates Group estimated in 2004 that the industry annually generates receipts of at least US\$25 to \$30 billion (www.thegatesgroupllc.com/news/old05.html).

Public orientation is key: we will annually download a portion of Gross Operating Income to the communities where we operate,⁴ through community umbrella agencies such as the United Way (Fig.1.0.), and with patronage remittances to consumer members. Moreover, because credibility to lot owners by necessity sustains our social mission, we will upload significantly higher revenues to them (Fig.2.0.). Again, public orientation is key; at the end of the day our intent is to minimize our Retained Net Operating Income; our objective is to boost cash flow back to the community from both directions.

KEY VALUE-OFFERINGS:

- A) *Significantly improved revenue returns from Public assets:*** We boost cash flow to our public sector clients while minimizing their cost structure. We create optional opportunities for the Crown to allocate this new revenue to specified projects.
- B) *Significantly improved revenue returns from Blended Value and Non-Profit Entity assets:*** We boost client cash flow, minimize their cost structure, and create optional opportunities for clients such as credit unions, co-operatives and non-profits to donate new revenue back in for our project portfolio or donor-specified projects.
- C) *Investor Exit Strategy:***⁵ OCPC offers an attractive seeding and start-up exit strategy. Private investors get paid by selling shares in a pre-arranged deal with the members of a business co-operative (members are a group of community investors such as credit unions, corporations and foundations).
- D) *Mission for the Common Good:*** OCPC produces revenue from public assets for unfunded community projects and programs, without broadening the scope and daily activities of government.
- E) *Consumer Co-op Membership:*** OCPC offers significant choice with values-driven positioning, client-centred operations, and a compelling brand. We give taxpayers a new and friendlier option to buy a service they already purchase elsewhere; helping them leverage their personal parking dollars for the betterment of their own community. OCPC's positioning extends to our strategic intent to create an engaging and wonderful experience. Imagine this, in parking!
- F) *Competitive Business & Profit Mission:*** We will provide competitive management services at competitive rates. OCPC must be financially profitable to sustain predictable profit-sharing with our community agency partners. Financial profitability = Sustainability.

⁴ Remittances will be determined as a Base Remittance Rate (BRR) with fluctuating Annual Top-Ups (ATU) set by the Board after determining the long-term needs of the business. The BRR offering allows umbrella organizations to effectively plan long-term business models.

⁵ Our key assumption is that we will obtain long-term contracts with highly reputable lot owners.

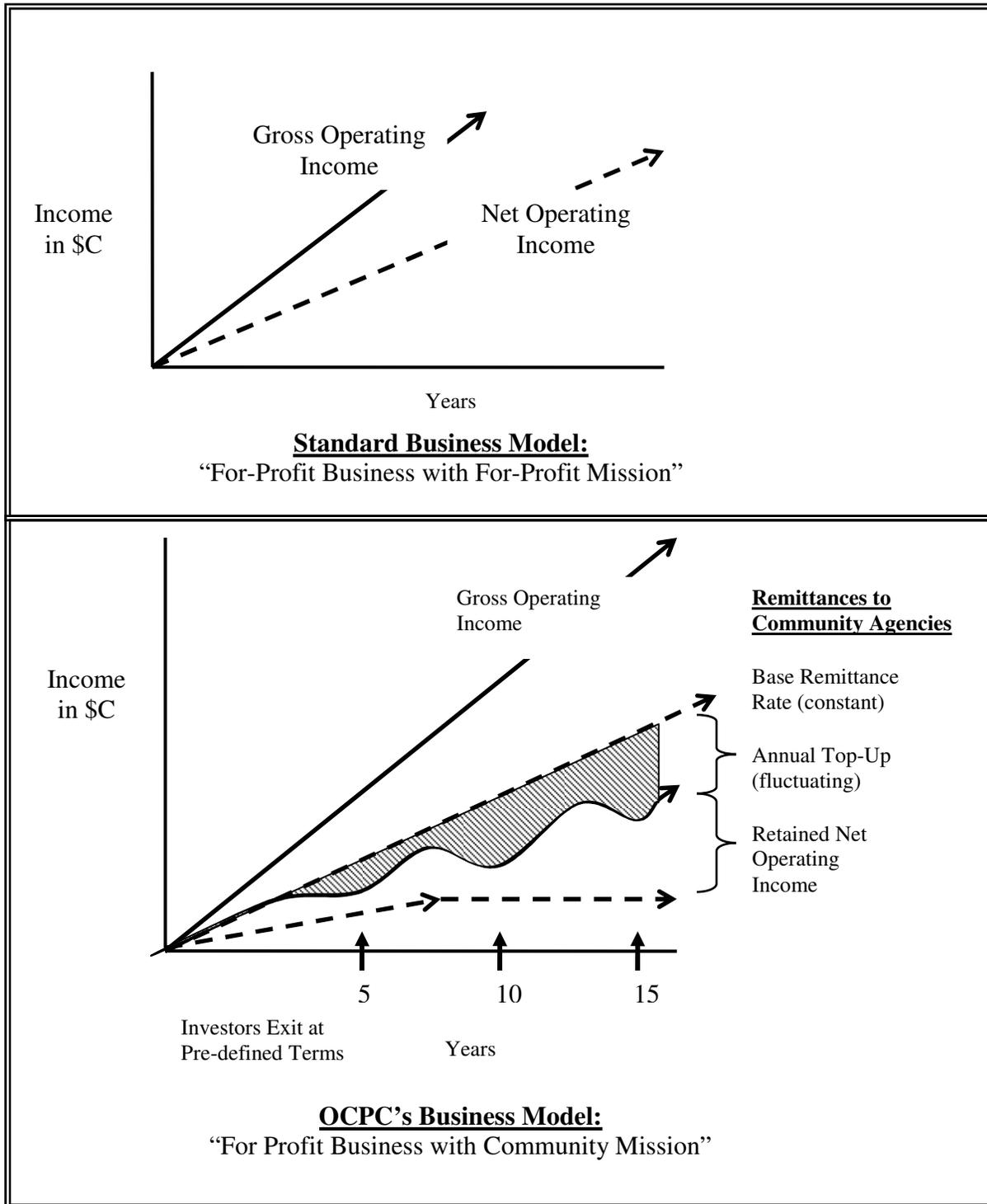


Fig.1.0. – Comparative Business Models

Fig.2.0. - SAMPLE SCENARIO: SMALL CITY UNIVERSITY - 2,200 spaces

<u>Revenue Split</u>	<u>Factor</u>	<u>Per Day</u>	<u>Per Year</u>
Days Per Year	300		
Parking Spaces, used once per day	2,200		
Revenue Per Space		\$2	
Gross Revenue		\$4,400	\$1,320,000
Expenses	80%	\$3,520	\$1,056,000
Net Operating Revenue		\$880	\$264,000
Client Revenue, Standard Remittance	5%	\$44	\$13,200
Client Revenue, Top-Up Remittance	30%	\$264	\$79,200
Total Remitted Revenue		\$308	\$92,400
OCPC, Net Retained Operating Income		\$572	\$171,600
<u>Remittances as % of Total Revenue</u>			
University Foundation	75%	\$231	\$69,300
OCPC, Community Portfolio	25%	\$77	\$23,100
<u>Benefits to Parking Co-op Member</u>		<u>Per Month</u>	<u>Per Year</u>
Annual Pass, Paid Monthly	12	\$40	\$480
Purchase Cost		75%	\$360
Donation to OCPC		25%	\$120
Tax Benefit as % of Donation		100%	\$120
Annual Pass, Paid Annually			\$250
Purchase Cost		75%	\$188
Donation to OCPC		25%	\$47
Tax Benefit as % of Donation		100%	\$47