

## AGENDA

### AD HOC COMMITTEE ON OFF-CAMPUS FACILITIES

**Meeting:** 1:15 p.m., Tuesday, January 25, 2000  
Glenn S. Dumke Conference Center

Anthony M. Vitti, Chair  
William D. Campbell  
Martha C. Fallgatter  
William Hauck, Chairman of the Board, ex officio  
Ralph R. Pesqueira  
Frederick W. Pierce IV  
Ali C. Razi  
Charles B. Reed, Chancellor, ex officio

#### **Consent Items**

Approval of Minutes of Meeting of November 16, 1999

#### **Discussion Items**

1. Status Report on the Stockton Development Center and California State University, Channel Islands, *Information*

**MINUTES OF MEETING OF  
AD HOC COMMITTEE ON OFF-CAMPUS FACILITIES**

**Trustees of The California State University  
Office of the Chancellor  
Glenn S. Dumke Conference Center  
401 Golden Shore  
Long Beach, California**

**November 16, 1999**

**Members Present**

William D. Campbell  
Martha C. Fallgatter  
William Hauck, Chairman of the Board, ex officio  
Ralph R. Pesqueira  
Frederick W. Pierce IV  
Charles B. Reed, Chancellor, ex officio

**Members Absent**

Ali C. Razi  
Anthony M. Vitti, Chair

**Other Trustees Present**

Harold Goldwhite  
Laurence K. Gould, Jr.  
Dee Dee Myers  
Joan Otomo-Corgel  
Michael D. Stennis  
Stanley T. Wang

**Chancellor's Office Staff**

David S. Spence, Executive Vice Chancellor and Chief Academic Officer  
Richard P. West, Executive Vice Chancellor and Chief Financial Officer  
Jackie R. McClain, Vice Chancellor, Human Resources  
Douglas X. Patiño, Vice Chancellor, University Advancement  
Christine Helwick, General Counsel

In the absence of Trustee Vitti, chair, Chairman Hauck called the meeting to order at 11:00 a.m.

**Approval of Minutes**

The minutes of September 14, 1999, were approved

**Disposition and Development Agreement for the Coachella Valley Off-Campus Center of California State University, San Bernardino**

Mr. Richard P. West, executive vice chancellor and chief financial officer, explained that the item was intended to provide information on the status of the proposed facilities associated with establishing a permanent site for the Coachella Valley Off-Campus Center of CSU San Bernardino.

Mr. West introduced Dr. Albert K. Karnig, president, CSU San Bernardino. President Karnig reviewed the history of the off-campus center, noting that there are approximately 800 students currently enrolled in various degree programs associated with the center.

President Karnig thanked several of the key people involved with the project and acknowledged their hard work and determination in shepherding the project through to its current stage.

President Karnig reported that funding has been obtained for approximately one half of the 9 million dollar project. It is hoped that ground breaking for the first building will take place in the summer/fall of 2000.

President Karnig invited Mr. Bob Spiegel, mayor of the city of Palm Desert, to address the board. Mayor Speigel expressed his solid support for the project and emphasized the tremendous need for establishing a full-fledged four-year university in the region. He urged the members of the board to sign the agreement to transfer 40 acres of land from the City of Palm Desert Redevelopment Agency to the CSU for establishment of the new permanent center. He noted that an additional 160 acres will be held for the site's development, pending determination by the CSU Board of Trustees regarding the possibility of the center's becoming an independent campus at some future date.

President Karnig introduced Mr. Richard Oliphant, president of Oliphant Development, who reinforced Mayor Speigel's remarks noting that the permanent presence of the CSU in the community will be crucial to the region's future economic, cultural, and social development. Mr. Oliphant said he was pleased to be a part of the project, and thanked the chancellor and the board for their work in bringing this possibility to a reality.

Dr. Charles B. Reed, chancellor, shared his experience during several visits to the site, and complimented the city planners on the accessibility of the campus location. He reported that the citizens he met with were very positive and enthusiastic about the site, and have high expectations of the CSU's presence in their community. Chancellor Reed emphasized that the primary goal of the new site is to improve the extremely low rate of college-bound high school graduates from the area, through improved accessibility and high quality programs and course offerings.

Trustee Joan Otomo-Corgel expressed her concern regarding meeting the future enrollment needs of the area. President Karnig explained that if the first three buildings can be completed within the next three years, things should be pretty much on track. He said it would be difficult to predict accurate future enrollment requirements at this time, and we would need to watch how the actual enrollments unfold.

Chairman Hauck invited the members of the committee and the representatives from the city of Palm Desert to adjourn to a conference room to sign the transfer documents.

### **Adjournment**

The meeting adjourned at 11:21 a.m.

**BRIEF**

**Information Item**

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**AD HOC COMMITTEE ON OFF-CAMPUS FACILITIES**

**Status Report on the Stockton Development Center and California State University, Channel Islands**

**Presentation By**

Richard P. West, Executive Vice Chancellor  
and Chief Financial Officer

In response to issues raised by the governor in the fiscal year 2000-2001 budget, this item provides a status report on the further development of the Stockton Development Center and the off-campus center at California State University, Channel Islands.

## ITEM

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### **AD HOC COMMITTEE ON OFF-CAMPUS FACILITIES**

#### **Status Report on the Stockton Development Center and California State University, Channel Islands**

In 1995 and 1996, the reuse of former state hospital sites in Camarillo and Stockton for off-campus centers offered an innovative approach to quickly meet the challenge of expanding student access in an era of fiscal limits. Through a combination of supplemental state funding and revenue from leases and public/private development, educational opportunities could be provided to historically underserved regions at a fraction of the cost to the state to develop a traditional off-campus center.

In September 1998, California State University, Stanislaus opened its instructional facilities at the Stockton Development Center serving over 400 FTES. The following September, California State University, Northridge relocated its existing off-campus center to the California State University, Channel Islands site serving over 900 FTES.

This item provides a status report on the continuing public/private development efforts at the Stockton Development Center and California State University, Channel Islands.

#### **Stockton Development Center**

In January 1995, the state announced its intention to close the Stockton Development Center. CSU Stanislaus was encouraged by the leadership of the Stockton community to prepare an educational plan for the re-use of the site. California State Senate Bill Number 1770, signed by Governor Wilson on July 20, 1996 (Stats. 1996, Ch. 193, Sec. 6), authorized the use of the Stockton Development Center by the CSU. The proposal made by the CSU was to use the site as a regional educational center offering a variety of educational services through multi-campus collaboration, community-based programs, and extensive use of distance educational technologies. The multi-campus regional center was to be supported through a combination of supplemental state funding of \$1.7 million for a five-year startup period, revenues from leasing facilities that are not needed for educational purposes, and public/private development of the site.

The January 1997 pro-forma supporting the operation of the Multi-Campus Regional Center projected that revenue from leases would reach \$3,000,000 annually by 2000-2001. These projections were independently verified by Keyser Marston Associates, Inc., a company retained by the City of Stockton. At the time, the Department of General Services was negotiating 12 leases, in addition to 11 existing leaseholds, with potential annual revenue in excess of \$1.7 million.

However, the pro-forma did not take into consideration the extent of base building improvements required to achieve the projected lease revenues. Building system upgrades, seismic renovations, and Americans with Disabilities Act improvements are necessary before the building can be leased. The majority of the prospective leases that the Department of General Services identified were with state agencies. The level of funding available to these agencies for lease payments is not sufficient

to finance the required building improvements resulting in an anticipated revenue shortfall of approximately \$2.0 million dollars below the revenue level projected in the January 1997 proforma by 2000-01.

In addition, the lease revenue shortfall expenses to maintain the existing facilities at the site are much higher than anticipated. Due to more intensive use and higher university occupancy rates, maintenance and utility costs are \$1.0 million higher than estimated. Funding provided by the state to operate the former Development Center in a reduced capacity mode totaled \$1.7 million. Actual facility costs to operate the site as an off-campus center total \$2.7 million annually, of which approximately \$337,000 is being used to maintain the 58,000 square feet of instructional and support space at the funded cost standard of \$6.49 per square foot. The balance of the \$2.4 million is being used to maintain the remaining 950,000 square feet of building space at an average cost of \$2.51 per square foot. Public safety and landscaping costs are also being incurred for the entire 102-acre site in an effort to sustain existing leasing arrangements and market additional opportunities.

The combination of a \$2.0 million shortfall in lease revenue coupled with an additional \$1.0 million in facility costs to operate the site yield a need for \$3.0 million in supplemental funding. As part of last year's budget discussion, Governor Davis asked for a feasibility study of alternatives to address the shortfall and provided \$300,000 to conduct the study. We have hired Metropolitan West and Julian J. Studley to provide independent analysis of options to generate additional revenue at the site including further exploration of public/private development and governmental agency lease arrangements. The report, which is scheduled for completion by April 2000, will provide the basis for determining our next steps.

### **California State University, Channel Islands**

In November 1996, a task force appointed by the governor recommended that the former site of the Camarillo State Hospital be transferred to the California State University to be used as a site for an off-campus center to serve the educational needs of the region. Senate Bill 623, authored by Senator O'Connell, authorized the transfer. The plan supporting the conversion called for the creation of the CSU Channel Islands Site Authority to provide a framework for financing improvements to the site through development activities and sales and property tax increments. Senate Bill 1923 (Stats. 1998, Ch. 861) by Senator O'Connell authorized establishment of the site authority and in October 1998 the Board of Trustees accepted the property. In keeping with the contingencies that the board established, the state provided in 1998/99 additional permanent funding of \$5.2 million to operate the site and additional capital funding of \$11.3 million to convert space to instructional use. The remaining conditions on the conversion of the off-campus center to a permanent university are an additional \$13 million from the state over the next two years.

With regard to the development activities at the site, Catellus Residential Group has been selected as the developer for that portion of the site that is not used for academic purposes. Julian J. Studley Inc. has been hired to act as the owner's representative for the development. The Site Authority has approved a ground lease for the development portion of the site. Staff is working now to finalize the

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physical master plan, the reuse plan regarding the developed portion of the site, a supplemental environmental impact report related to the project, and an agreement identifying the distribution of revenues from the development. These documents are scheduled for approval by the Site Authority at the June 2000 meeting and approval by the Board of Trustees in July.

While the Governor's Budget does not include the additional permanent funding permitting us to open a four-year university, we are proceeding with the preparation of the necessary documents and approvals so that we are in a position to move forward should the final budget include funding for CSU Channel Islands. Even without the additional funding, we will proceed with the development activities, which are required, in part, to support the growth of the off-campus center during the interim.