

AGENDA

AD HOC COMMITTEE ON OFF-CAMPUS FACILITIES

Meeting: 9:00 a.m., Tuesday, January 23, 2001
Glenn S. Dumke Conference Center

Anthony Vitti, chair
William D. Campbell
Martha C. Fallgatter
Ralph R. Pesqueira
Frederick W. Pierce IV
Ali Razi

Consent Items:

Approval of Minutes of Meeting of May 10, 2000

Discussion Items

1. El Toro Off Campus Center for California State University, Fullerton, *Action*

**MINUTES OF THE MEETING
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**

May 10, 2000

Members Present

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

Members Absent

Martha C. Fallgatter
Ralph R. Pesqueira

Chancellor's Office Staff

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

Mr. Anthony M. Vitti, chair, called the meeting to order at 9:42 a.m.

Approval of Minutes

The minutes of January 25, 2000, February 25, 2000 and March 25, 2000, were approved.

Status Report on the Stockton Center and CSU Channel Islands

Chair Vitti asked Mr. Richard P. West, executive vice chancellor and chief financial officer, to present the report.

Mr. West opened his remarks by noting that the feasibility study on the Stockton Center had been completed and was distributed on April 1, 2000 as scheduled. Since that time, most of the activity surrounding the project has centered around budgetary issues. It is hoped that the May Revision of the Governor's budget will contain a one-time augmentation of the CSU budget in the amount of \$11.3 million. The augmentation would contribute to the estimated capital cost of almost \$40 million to make the site a viable economic activity.

Mr. West reported that discussions with the City of Stockton have been ongoing. Pending availability of funding, the city council has agreed in principle, to step up to a shared responsibility with CSU with regard to economic liability and risk issues associated with the project. Mr. West acknowledged the support and guidance of Assemblymember Michael Machado and Senator Patrick Johnston, in assisting CSU with this complex project.

Chair Vitti inquired if we had actually presented a development posture budget for the Stockton Center to the Governor's office. Mr. West replied that a series of comprehensive meetings have been held with the Governor and his senior staff, as well as with the Director of Finance and legislative staff members, thoroughly briefing them on the strategies and financial details of the feasibility study.

Trustee Fallgatter asked if the City of Stockton has actually agreed to form a joint powers authority. Mr. West reiterated they have agreed in principal to form a joint powers authority or some similar contractually binding relationship. At any rate, there has been a unanimous vote from the City Council to be a participant and/or partner. He concluded the update by noting that further action is on hold until we receive word on the Governor's preferences and actual response to the feasibility study, as well as on the final outcome of the May Revision of the budget.

Status Report on the CSU, Channel Islands Campus

Mr. West reported the current focus at Channel Islands is on the development of a 600–700 acre parcel on the site for private residential housing, including some minimal retail development. Income from sale of the private developments would be utilized to support the renovation of academic facilities.

Mr. West informed the committee of the circumstances surrounding the withdrawal of Catellus Corporation as the developer for the project. He explained that Catellus decided to sell the residential development division of the company. As a result, CSU has mutually agreed with Catellus to terminate our agreement with them. Mr. West outlined the original terms of the agreement with Catellus, including the advancement of various financing costs. The settlement with Catellus will call for reimbursement to them for specific products received prior to

termination of the agreement. These are costs that we would normally have incurred, and would be required in any case.

Trustee Vitti asked about the process we will follow now that Catellus is out of the project.

Mr. West said the likely plan will be to take the products already completed by Catellus, and pursue an RFP for a new developer/builder.

Trustee Galinson inquired about the rights of the new developer to change any of the original plans developed by Catellus. Mr. West said this was a legitimate concern, however he felt the existing specifications are sufficiently generic to pose little if any, problems at this stage of the development.

Trustee Razi said he understood we have the specific plans for the project and asked where we are in the actual design process. Mr. West said there is no agreed upon design for the housing units at this juncture. He noted the primary focus will be on how to best control the property and its economics in order to provide affordable housing for the faculty, staff, and students at the Channel Islands campus.

The meeting adjourned at 10:01 a.m.

AD HOC COMMITTEE ON OFF-CAMPUS FACILITIES

California State University, Fullerton Branch Campus at El Toro Conceptual Plan

Presentation By

Milton A. Gordon, President
California State University, Fullerton

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

Summary

California State University, Fullerton (CSUF) has been considering relocating its Mission Viejo off-campus center to the site of the former Marine Corps Air Station at El Toro in Orange County. This effort is intended to help meet projected upper division and graduate enrollment demands over the coming decades. It has two dimensions: leasing existing buildings on the base to meet immediate needs, and taking steps to eventually secure a permanent site for a Branch Campus. This item presents a Conceptual Plan that is consistent with trustee policy on off-campus centers. It describes the reasons for this effort and shows how the complex situation surrounding the base closure process impacts the shorter-term lease and the longer-term permanent site. A resolution is proposed endorsing the steps being taken by the university. This resolution will be helpful in future discussions with the County of Orange, which acts as the Local Reuse Authority for El Toro

The Need

In the next ten years and thereafter, Orange County, particularly the southern county region, will experience substantial population growth. CSUF has a responsibility to serve the increasing needs for public higher education, particularly at the upper division and graduate levels. Constrained by capacity limitations at the main campus and by extended travel times, a location for a new facility should be sought. El Toro presents an opportunity to obtain a site in the center of the county, which may be developed in the future as a branch campus.

CSUF is located in the northern portion of Orange County—a county that currently has an estimated population of 2.8 million persons and is projected to grow to over 3.4 million in 2020 (according to the California Department of Finance). Serving the region since 1960, the campus

is effectively built out with a master planned capacity of 20,000 FTE—a capacity that will be reached in the next two to three years.

Even if enrollment capacity on the main campus could be substantially increased, residents and employees in the southern county region could not be effectively served due to transportation corridor gridlock. At certain times of the day and week, residents of the southern county region are precluded from attending the main campus by commutes that exceed one hour each way. The challenge is making State University programs available to all local eligible students in the years ahead.

Community colleges located throughout the county, as well as the main CSUF campus, are available to meet increasing demand at the lower division level. However, needed university facilities are required for upper division and first-stage graduate work including teacher certification. It is toward meeting this need that CSUF has directed its efforts in long-term planning for additional facilities.

The Orange County of today is far from the open spaces, orange groves and bean fields that existed when CSUF was established. Vacant land is rapidly disappearing as it is converted into residential and business parks. In addition, significant portions of the county have been placed in various kinds of conservation holdings, precluding future development. Stringent environmental requirements and processes further limit development particularly for collegiate purposes that translate into people and traffic. The El Toro site is arguably the last remaining, well-located property open for new university facilities of any size and scope.

Determining Unmet Student Demand 2000-2010

A student flow model developed by Chancellor's Office staff was used to project long-range enrollment and FTE projections for CSUF for 2000-01 through 2010-11. The projections shown in Table 1 are based upon a continuation of the campus growth experience. The projections were made without regard to resource constraints or consideration of CSUF enrollment ceilings at the main campus. They show the number of students and FTE that could be expected if all could be accommodated.

**Table 1? Projection of CSUF Enrollment Demand
(Unconstrained by physical capacity or enrollment ceilings)**

	1999-00	2003-04	2008-09	2010-11
Fall enrollment	27,167	32,320	36,036	38,848
FTE (college year)	19,839	23,335	26,300	27,700

Demand Within Orange County: This Conceptual Plan addresses the ways in which demand can be met for upper division and graduate/post-baccalaureate enrollments in Orange County. The projections demonstrate a growing demand for CSUF upper division and first stage graduate programs including those related to teacher preparation and professional level development. Most of this projected demand cannot be met at the main campus during the regular academic year. Of the county's population, over one million individuals currently reside in communities south of an east to west line drawn through El Toro. It is this population base that will be most in need of access to CSU educational facilities in coming years both because of growth in the southern parts of the county and the increased difficulty of commuting to the main campus.

The El Toro site is located close to the geographic center of the county (a circle of a 20-mile radius centered at El Toro encompasses almost the entire county). (*See map attached.*) Given easy access via freeway and rail, El Toro may become the region's transportation hub.

Transfers: The four Orange County community college districts (Coast, North Orange County, South Orange County, and Rancho Santiago) enrolled over 197,000 students in 1999. According to the California Community College Chancellor's Office, enrollment in these districts is projected to grow to over 262,000 in 2010. CSUF enrolled about 2,500 first-time transfer students from Orange County community colleges in 1999-2000. Based upon enrollment growth in all four districts and CSUF attendance patterns, this will increase to about 3,700 students by 2010-11. The student flow model shows that these transfers will generate 1,355 additional FTE by 2003-04 and 3,269 additional FTE by 2010-11.

Graduate/Post-Baccalaureate: There is no well-defined demographic pool from which new graduate and post-baccalaureate enrollments are drawn. Graduate enrollments tend to be sensitive to the business cycle—for example, the MBA is currently one of the more popular programs. Post-baccalaureate enrollments are primarily students seeking a teaching credential and are sensitive to changes in K-12 enrollments and policies, e.g., class size reduction. For purposes of the long-range total enrollment projection, it was assumed this group grows by sixty new students per year. If seventy-five percent of these students come from Orange County, the county accounts for forty-five of these new students per year. Using this growth in the student flow model results in an increase of 926 Orange County FTE in 2003-04 and 1,763 FTE by 2010-11.

Table 2? Summary of Projected Orange County FTE at CSUF

	2003-04	2008-09	2010-11
Change in FTE from 1999-00, due to transfers from OC	+1,355	+2,727	+3,269
Change in FTE from 1999-00 due to grad/post-bacc. from OC	+926	+1,537	+1,763
Total change in FTE from 1999-00 due to transfers and grad/post-bacc. from OC	+2,281	+4,264	+5,032
Total Change in enrollments (new and continuing students) from 1999-00 due to transfers and grad/post-bacc. from OC	+3,356	+6,161	+7,240

The projections summarized in Table 2 demonstrate a growing potential demand for upper division, first-stage graduate programs and post-baccalaureate teacher education and professional development.

Although there are other higher education institutions in the county, they are unlikely to serve the types and numbers of students served by the California State University. The University of California, Irvine, is a research institution serving students on a statewide and national basis. UC campuses have recently committed to step-up their efforts to recruit and enroll transfer students, however, the numbers are likely to remain comparatively small and limited to those who can attend full-time. There are several smaller private colleges and universities in the county including Chapman, Hope International, and Concordia. Cost of attendance and limited enrollments suggest that they will not be able to meet projected demand for higher education in the county. In addition, private universities such as Pepperdine, Phoenix, and National have centers that typically offer business administration and teacher education programs at the graduate level. CSU Fullerton remains the primary four-year institution in the county that is most accessible, especially to low-income or part-time students. During 1999-2000, for example, CSU Fullerton enrolled 2,706 first-time freshmen, 4,980 undergraduate transfers, and 2,467 new graduate and postbaccalaureate students for a total of 10,153 new students.

As Orange County continues to grow, steps must be taken now if future local students who wish to pursue CSU programs are to be effectively served.

Meeting Student Demand At the Upper Division-Graduate Level

Current Efforts to Reach Additional Populations: CSUF efforts to address the need for State University services at the upper division and graduate level beyond campus boundaries extend back two decades. These efforts include development of the CSUF Mission Viejo Campus (MVC) in 1989 located at Saddleback Community College. Current enrollment is approximately

450 FTE primarily in business administration and education courses and programs. Unfortunately, MVC has outgrown its very basic and deteriorating facilities and is restricted in expanding the number of programs and courses it can offer. Lease of the MVC space is on a year-to-year basis, currently through June 30, 2001.

Other significant steps to address enrollment demands include extension and outreach efforts at a number of local community schools and facilities. The campus has also been highly involved in distance learning programs.

However, even with these various efforts, enrollment demands in the coming years are projected to outstrip CSUF's capacity. Additional facilities will be needed, even with widespread use of technology and more intensive use of campus facilities through year-round operation. The steps that have been taken to date are designed to meet shorter-term needs. The need to plan farther ahead remains. Acquiring a site as a part of the El Toro base disposition will meet the longer-term need for a large branch campus.

The Opportunity: El Toro

El Toro presents an important opportunity to meet Orange County's future needs for higher education. The site, however, is the subject of a long and complex process of base closure and conversion.

Prior to summer 1999, CSUF informally explored with County officials El Toro as an interim location for an off-campus center to replace its crowded Mission Viejo center and for faculty housing using existing buildings on the base. In summer 1999, however, the County called a halt to any discussions based on the assumption that the construction of a large airport was imminent and that most buildings suitable for educational purposes would be the first to be demolished. Based upon this reality, the campus shifted its focus concerning El Toro to a long-term effort to acquire a site for a branch campus as a part of the ultimate disposition of the base and attempted to look elsewhere for space to meet short-term needs.

Over the past year there have been limited opportunities for the campus to formally express interest in El Toro for university purposes. A statement in this regard was filed as a part of an Environmental Impact Report process on the airport. This draft EIR, which is still pending, did take note of CSUF's interest and proposed that some 81 acres be set aside on a long-term lease basis for educational and cultural purposes with CSUF playing the lead in the site's development. In its statement on the EIR, the campus formally requested additional acreage and clear title to the land on behalf of the Trustees.

It will very likely be a long time before an actual transfer of land to the county and, perhaps, other entities such as CSUF will occur. Despite this long time line, it is important that steps be taken now to demonstrate the CSU's continued interest in securing a future branch campus site.

Why Take Steps Now?

During fall 2000 there was a shift in the position of the County regarding the shorter-term uses of the El Toro site, and by implication the longer-term projected use. This has been due, in part, to a vote of county residents in March 2000 that dictated an airport could only go forward with a two-thirds vote. Although the Court recently nullified this initiative, serious question has been raised concerning the viability of the airport proposal. This concern along with leadership changes in the El Toro development process have opened the door to CSU Fullerton to seek leased facilities to meet short-term needs, as well as encouragement to pursue the acquisition of a portion of the base.

First Steps: Meeting Short-term Needs in Orange County

University interest in El Toro has had two objectives; (1.) the acquisition of a portion of the base for a permanent upper division/graduate campus, and (2.) utilization of existing structures on the base so that programs now offered at the Mission Viejo Campus at Saddleback Community College may be relocated to a more central location.

The interest in the leasing of facilities for the short-term is prompted by the following:

- 1) The continuing growth of the region leading to increasing need for CSU programs.
- 2) The recognition that the Mission Viejo Campus cannot grow beyond its current level of 450 FTE because of lack of space and the desire of Saddleback College to reoccupy its leased space.
- 3) A year-long search for other options to lease space has proved unproductive.
- 4) Leasing of facilities at El Toro provides an additional incentive for the County to support CSUF in the long-term acquisition process and a future Public Benefit Conveyance since the County is now in the posture of actively seeking tenants to contribute to cash flow to offset operational costs for the closed base pending final transfer from the Navy.
- 5) The presence of CSUF on the El Toro site in temporary facilities will lay the groundwork for the eventual transfer to the permanent site.

There appears to be a strong possibility that an agreement for the lease of temporary space at El Toro could be executed in Spring 2001. The lease sought will be for five years with an option to renew for an additional five-year period. The actual offering of programs on the base could begin in fall 2002, depending upon the extent of rehabilitation needed to the leased facilities.

First Steps: Long Term

Public Benefit Conveyance. The process for securing a portion of a closed military base is guided by the Base Closure Act, last amended in 1994. To summarize this complex process for El Toro briefly, the Navy, on behalf of the Marine Corps, remains responsible for the base until environmental issues are resolved and the base can be officially turned over to a local entity. Most bases, and in El Toro's case most definitely, require extensive environmental cleanup at least to the level of the proposed new usage. The Navy can lease the base for approved interim uses—which it has done recently. A Local Reuse Authority (LRA) must be organized to represent community interests and to develop a plan for the eventual disposition of the base—the LRA for El Toro is the County Board of Supervisors. Environmental reports meeting both State (EIR) and Federal (EIS) requirements are part of the process and the responsibility of the County of Orange.

The normal process for securing a portion of a base for an educational institution is through an Application for Conveyance of Surplus Real Property for Educational Purposes filed with the U.S. Department of Education. In order to be successfully processed by the Department of Education, and subsequently by the Navy that acts for the Marines, the Application will need to be endorsed by the LRA. The campus has been informally assured that this endorsement will be forthcoming from the Board of Supervisors. When the Application is completed for submission, a request for a resolution to endorse the Application for Conveyance will be presented to the Board of Trustees.

Community Support and Interest. In the coming months, the campus plans to work with community groups and governmental bodies in expressing the needs of higher education in the El Toro disposition process. As a part of this initiative, the campus will endeavor to work with others in the county in an effort to create a new, more inclusive planning process that can well serve all of the citizens of Orange County.

Conclusion

The closure of El Toro offers a singular opportunity to secure existing facilities for CSU Fullerton to relocate its Mission Viejo Campus programs to a site more central to the County residents and business and at a location where expansion of enrollments is possible. The closure of El Toro offers, as well, an opportunity to secure property that may be developed in future years as a Branch Campus. This is very likely the last opportunity that well-located acreage may be obtained in Orange County. The following resolution would express the support of the Trustees for the steps being taken by the campus in pursuing these opportunities.

The following resolution is now presented for action:

WHEREAS, the Board of Trustees of the California State University recognizes the growing need for additional California State University educational services in Orange County, and

WHEREAS, CSU Fullerton is working with the Orange County Board of Supervisors in their role as the El Toro Marine Corps Air Station base closure Local Reuse Authority to lease facilities from the Navy at El Toro for off-campus programs; now, therefore, be it

RESOLVED, By the Board of Trustees of the California State University, that The Board endorses CSU Fullerton's efforts designed to meet growing student demand in Orange County; and, be it further

RESOLVED, That CSU Fullerton continue to work with the Orange County Board of Supervisors in their role as the El Toro Marine Corps Air Station base closure Local Reuse Authority toward the objective of securing a portion of the base for the location of permanent California State University facilities; and

The chancellor shall make periodic progress reports to the board on these efforts.