

## **AGENDA**

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

**Meeting: 9:30 a.m., Wednesday, May 10, 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 January 25, 2000  
Approval of Minutes of Meeting of February 25, 2000  
Approval of Minutes of Meeting of March 25, 2000

#### **Discussion Items**

1. Status Report on the Stockton Center and CSU 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**

**January 25, 2000**

**Members Present**

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

**Other Trustees Present**

Joan Otomo-Corgel  
Michael D. Stennis  
Stanley T. Wang  
Harold Goldwhite

**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

Trustee Vitti, chair, called the meeting to order at 1:16 p.m.

**Approval of Minutes**

The minutes of November 16, 1999, were approved.

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

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

Mr. West noted that the purpose of presenting the item at this time was to update the board on the current status of the Stockton and Channel Islands off-campus centers. He explained that the Stockton Center has taken on a more central role in the budget process due to a number of unanticipated events. The initial proposal by the CSU to the state was to take responsibility for the property and modify it for academic purposes. Mr. West clarified it was never intended that the CSU would

utilize the entire site for academic purposes and that a large portion of the property was earmarked for use as revenue generating leased property. He then reviewed the sequence of events leading to the current status of the Stockton Center. During the early assessment stages of the project, it was anticipated that there would be a substantial amount of revenue generated from leases. Subsequently, the property was found to be more difficult to lease than expected and none of the anticipated lease deals occurred.

As a result of the change in events, a supplemental budget increase for 1999/2000 of \$1.3 million was requested and eventually approved as part of CSU's state budget.

As a contingency to obtaining funding, an agreement was made to conduct a feasibility study to assess the present circumstances of the site; explore the reasons for the shortfall; and identify a financial work-out plan. An additional \$300,000 was included in the supplemental appropriation of \$1.3 million for purposes of the feasibility study.

The CSU is responsible for the study and has hired the firms of Metropolitan West and Julien J. Studley to conduct it. The two firms have worked on the Channel Islands project and are very familiar with CSU's land-use strategies. Mr. West said that the study is targeted for completion by April 1, 2000, and will assist us in preparation for discussions with the Department of Finance regarding the May Revision of the governor's budget.

Chairman Hauck asked Mr. West about the prospects for the Stockton Center and whether we could expect to fulfill any portion of the plan. Mr. West responded that there was some potential for generating a revenue stream; however, perhaps not to the extent of the original expectations.

Chair Vitti expressed his dismay regarding the current turn of events and the inadvertent linking together of the Stockton and Channel Islands projects. He was concerned that the situation could have a drastic impact on our plans. Despite the circumstances he said that the CSU would somehow need to develop a workable solution to the problem.

Mr. West agreed and noted that when CSU first took on the two projects, we were in a severely constrained fiscal environment. As a result, the actions taken at that time were based on the determination that any new sites should earn their own way. He pointed out that the Department of Finance has been helpful in trying to assist us by funding the feasibility study, and offering to look at the issues in an attempt to develop a new plan to resolve the situation.

Trustee Campbell expressed his views of the situation and his recollection of how the board made its decision on the Stockton project based on information and revenue projections received from the Department of General Services. Those projections never panned out. He recalled at the time, Chairman Hauck had informed the state that we would hand back the property if it did not support itself. Trustee Campbell said he did not see the tie-in effect between Stockton and Camarillo because they were initiated separately, and under differing circumstances.

Mr. West said the program part of the Stockton center was working as-to-plan, and that it is quite responsive to the educational needs of the surrounding community. He noted that what we are dealing with is a deficiency in the initial idea of attempting to support the entire facility from projected leasehold revenues. The simple reality is: this is not going to happen.

Trustee Pesqueira wanted to know if there was any type of exit strategy at this point. Mr. West explained that the feasibility study must be completed first. The findings from the study should assist us in determining the best strategy for working out a plan with the state and the City of Stockton. He added that there is a general consensus that the governor expects us to come up with a workable solution. He assured the committee that they would receive extensive information on the progress and findings of the study in March and again in May.

Chancellor Reed said it had been helpful to him to construct the actual history of the Center by reviewing memos, board minutes, and established commitments regarding our public/private partnerships. In his assessment, it appears that the governor was led to understand that the Center would not require state resources. That is not the case, and it is now up to the CSU, the community, the City of Stockton and the state to work together to make this work.

Mr. West then focused the conversation on the Channel Islands/Camarillo site. He noted, as a result of our experience with Stockton, valuable lessons were learned which in turn have helped us structure the Channel Islands site project differently.

Mr. West presented a short history of the project and explained the process resulting in a \$10 million request for an operating budget to convert the center to a full-fledged campus. In January, the governor chose not to fund our request, linking the two projects together. The governor has said he is committed to the Camarillo site, but he clearly wants to see the Stockton issue resolved first. What we are asking for in the state budget is the program costs to help hire the initial faculty and academic planning staff who will develop the academic plan in preparation for opening of the campus.

Mr. West then explained the proposed land-use plan for the site which involves developing approximately 900 units of residential housing located on the upper portion of the campus. The project is moving along smoothly, and has been contracted to Catellus Development. If all goes well, construction may begin sometime late this year.

Mr. West noted, contrary to the Stockton project, there is a substantial state subsidy for operation of the Camarillo site. He cautioned that while the governor strongly supports this site, there are always substantial risks associated with any public/private partnership and Camarillo is no exception. He stressed the need to carefully adhere to the established plan to avoid the pitfalls encountered with Stockton.

Chair Vitti said he could not fault the governor's overall position on the two sites. He agreed that we got ourselves into the Stockton situation and that we have the responsibility to resolve it. However, in order to do so, we cannot proceed on our own. Mr. Vitti said it would be critical to draw the other involved parties into the process.

Mr. West concurred and said that we are actually doing this by nature of the feasibility study. The Department of Finance and the General Services Agency will be involved, as will the offices of Senator Johnston and Assemblymember Machado. We are also actively working with the City of Stockton, the city council, the mayor, the city manager, and the community colleges.

Trustee Pesqueira asked about the agreement with the development firm, Catellus. He said he was concerned about affordability of the units for faculty and students and with CSU's ability to control costs associated with the planned for-sale housing units.

Mr. West assured him that as part of the site authority agreement, some of the housing is required to meet affordability criteria. The units will consist of a mix of rental property, condominiums, and stand-alone units which will be approximately 35 percent below market.

Trustee Stennis said he simply wanted to comment that it was important for us not to lose sight of the university's primary objective, which is to educate students. Given the circumstances surrounding both sites, he cautioned that our ultimate objective must be kept in the forefront of any outside adversity.

Trustee Pierce asked Mr. West to explain the role of the site authority and how it relates to the board.

Mr. West clarified that the trustees own the land and all existing improvements. Any land that is offered for sale to a non-university entity will be leased to the site authority by the trustees. Essentially, the domain of the site authority is income producing property. Trustee Pierce then asked if the projected net proceeds from those operations would be used for continual improvement of the physical plant. Mr. West replied that was correct, and that we would go to the state for the actual operating budget. He noted that there is an additional \$20 to \$40 million to be spread over the next 15 years where we would use capital budget funds; so, in fact, there is some state capital budget investment in the project. He assured Trustee Pierce that the board will see all land-use proposals and the associated financials.

Trustee Fallgatter inquired if there would be any restrictions placed on availability of the proposed housing units. Mr. West said there will be a system designed to ensure that faculty, staff, and students receive first priority. Sale to the public will be considered based on fulfillment of that priority.

Chancellor Reed spoke about the importance of the role of the committee in focusing on access and enrollment issues. He said it will be important to encourage the state to explore the growing significance and need for establishment of more off-campus centers and university branches to accommodate the needs of future students.

Chancellor Reed concluded, noting that we will plan to come back to the committee with suggestions regarding capacity, and with ideas on how to work toward a plan for successfully meeting the higher education requirements of California's student population.

The meeting adjourned at 1:46 p.m.

**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**

**February 25, 2000**

**Members Present**

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

**Members Absent**

William D. Campbell  
Martha C. Fallgatter

**Chancellor's Office Staff**

David S. Spence, Executive Vice Chancellor and Chief Academic Officer  
Richard P. West, Executive Vice Chancellor and Chief Financial Officer

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

**Status Report on the Stockton Development Center**

Mr. Vitti reminded the committee that at the January board meeting, it was decided to convene the committee for a special session to better determine where the university stands with regard to the Stockton and Camarillo sites, and to discuss the role of off-campus centers in meeting enrollment demands.

One of the tasks before the committee is to address Governor Davis's requirement for the CSU to determine why efforts to establish a range of income-generating ventures aimed at offsetting operating costs for the Stockton center did not occur. The governor has indicated his unwillingness to release funds for either site (Stockton or Camarillo) unless a realistic solution can be developed for resolution of the problem at the Stockton center. Concurrently, the state has provided funds for completion of a feasibility study to determine the best course of action to resolve the governor's concerns.

Mr. Vitti introduced the consultant team members: Mr. Bill Quinby of Julien J. Studley, and Mr. Russ Gould, Mr. Steve Spears, and Mr. Lyle Defenbaugh, of Metropolitan West.

Mr. Richard P. West, executive vice chancellor and chief financial officer, asked Mr. Russ Gould (Metropolitan West) to present a progress report on the feasibility study for the Stockton Center. Mr. Gould briefly reviewed the history of the project. He explained that a lack of viable lease

revenue opportunities and serious operational shortfalls have severely affected CSU's ability to run the site. The outcome of the pending feasibility study is expected to assist us in determining the best utilization strategy for the property.

Mr. Bill Quinby of Julien J. Studley showed maps of the site and explained the current status and potential uses for the property. Mr. Quinby acknowledged that the feasibility study is well under way and will be completed by April 1, 2000.

At the moment there are two possible models being looked at for the property. The first would be to use the property for a purely public venue, consisting of schools and state and local government agencies, etc. The other would be to consider using the property for private sector utilization in addition to the public options considered in the first model. This second model could involve developing the property for residential purposes such as construction and sale of single-family homes, condominiums, and/or townhouses. Development of assisted living facilities is another possibility.

Mr. West noted that CSU Stanislaus has been successfully conducting classes on a portion of the off-campus site. Chancellor Reed assured the group that CSU will not walk away from its commitment to provide a state college education to students in the area. He said it was imperative that CSU work closely with the respective state and local entities to develop a solution regarding operation of the remainder of the property.

Mr. Vitti acknowledged that it is CSU's responsibility to develop a workable plan for the property. It is his understanding that the governor looks to the CSU to provide the lead in developing these strategies. What we are faced with is how to solve the operational deficiencies of the site while continuing to meet the growing needs of the surrounding student population.

Chancellor Reed agreed and said he believes the governor will conclude that the CSU has been responsive to his desire to have an objective feasibility study completed. He has been assured by members of the governor's staff that the funding for the Camarillo site is being held in reserve pending resolution of the Stockton issue.

It was concluded that assistance of state and local government would be crucial to progress toward a successful compromise on this venture; and that all options must be investigated to decide the best course of action.

Mr. Vitti thanked the consultants for the excellent report.

### **Status Report on the Channel Islands Campus**

Mr. West introduced the item by citing the significant differences between development of the Channel Islands and Stockton Center projects. The lessons learned from our Stockton experience have served us well in structuring the Camarillo property. As a result, progress on the Channel Islands campus has been less problematic.

Mr. West reported the Channel Islands campus has secured an ongoing permanent state subsidy; and there were no out-of-pocket costs for the university upon conveyance of the property. Legislation

was written and passed creating a site authority for the property. The site authority has been successful and has aided in targeting portions of the site for development of revenue-generating entities.

The Catellus Residential Group has been contracted for non-academic construction purposes and will develop the east side of the campus for residential use. A current plan is for approximately 900 units of rental and for-sale housing to be built-out on the east portion of the campus. Revenue generated from sales and rentals will assist with the cost of modifying existing structures for academic programs.

Trustee Pesqueira asked if there were any problems with the state historical registry in relation to any of the buildings on the property. Mr. J. Handel Evans, president, California State University, Channel Islands, indicated there are no buildings on the campus that are affected by the registry.

Mr. Evans addressed the committee and updated them on various issues. He reported that community support has been excellent; and that approximately 100,000 square feet of space has been rented to tenants, and some income has actually been generated.

Trustee Vitti asked about the status of the agreement with Catellus. Mr. Quinby replied that Catellus will develop, build and sell the single-family and townhouse residences, and profits will be split with the site authority. For rentals that they will develop and construct, however, net revenues would flow to the site authority.

Trustee Razi asked if Catellus was committed to the project. Mr. Quinby said they have signed a contract and have made no indication that they want out.

Mr. Quinby indicated that several essential documents are in the preparation stages at this time and are slated for presentation to the site authority and subsequently to the board in July. He indicated the EIR is the most critical of the items and it is on schedule for delivery to the site authority in April, for approval in May, and to the board in July.

A question was raised regarding the status of the \$10 million slated for allocation to the campus. Mr. West emphasized that the governor did tie the Stockton and Channel Islands sites together, and that we do need to identify a strategy in the Stockton feasibility study that demonstrates a way to make the Stockton site economically productive. He reiterated that the two circumstances are substantially different and that he hoped we can be persuasive to the state on both projects.

Trustee Vitti thanked Mr. West and said we have come a long way toward success with this project.

### **Discussion of the Role of Off-Campus Centers in Meeting Enrollment Demands**

Dr. David S. Spence, executive vice chancellor and chief academic officer, presented a brief synopsis on the status of the growth and development of off-campus centers. He noted there are several pressure points and concerns regarding enrollment growth and access issues, particularly with regard to utilization of branch campuses.

There is currently no policy defining the establishment of academic off-campus centers. However, there are policies that deal with facilities and budgets once the academic programs are established.

Therefore, the board has indicated its desire to see a more aggressive approach regarding the usage and cost-effectiveness of these centers. Over the next three months, Dr. Spence and a group of budget staff, faculty members, and campus provosts will work on drafting suggestions for possible development as policy.

Two of the issues to be explored will be: identifying areas for these campuses and what kind of enrollment will be needed to sustain them; and exploring the possibilities of shared operations with the community colleges to jointly seek funds. Trustee Vitti said he would want to see a presentation on relative costs for each facility.

Other points in the discussion included the need to look carefully at costs for centers and not embark on any plan without a formal understanding; the need for determining the proper mix of programs for student convenience; quality issues regarding the kind of facility(s) needed; and recognizing the eventuality that enrollment will plateau at some point.

### **Adjournment**

The meeting adjourned at 11:52 a.m.

**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  
400 Golden Shore  
Long Beach, California**

**March 25, 2000**

**Members Present**

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

**Members Absent**

William Hauck, Chairman of the Board, ex officio

**Chancellor's Office Staff**

Richard P. West, Executive Vice Chancellor and Chief Financial Officer  
Christine Helwick, General Counsel  
Douglas X. Patiño, Vice Chancellor, University Advancement

Mr. Anthony M. Vitti, chair, called the meeting to order at 10:08 a.m.

**Status Report on the Stockton Development Center Feasibility Report**

Chair Vitti announced that the feasibility study on the Stockton Development Center had been completed and was being presented to the committee for its information and comment prior to submittal to the governor.

Mr. Richard P. West, executive vice chancellor and chief financial officer, presented an overview of the history of the project leading to the completion of the feasibility study. Mr. West reviewed the primary objectives and key points of the study as well as the various unresolved issues associated with development of the site.

The feasibility study, prepared jointly by the firms of Metropolitan West and Julien J. Studley, explores several different options and recommendations for use of the property. Mr. Bill Quinby of Julien J. Studley presented a detailed summary of the contents of the report. The basic recommendations of the implementation plan are as follows:

- The CSU Chancellor's Office to engage private sector owner's representative to plan and facilitate the development;

- The CSU and the City of Stockton to form a joint powers authority (“JPA”) to which the CSU will lease the land and improvements; and
- The JPA and the CSU to complete master plan and facilitate its implementation.

The committee discussed the results of the study at length. Several committee members expressed their concern and frustration with the turn of events regarding the site. While they were generally at odds with the present status of the project, most members agreed CSU must strive to work toward an amicable solution to the problem.

Chair Vitti thanked Mr. Quinby for the excellent report. It was agreed that with completion of the feasibility study, the CSU has responded to the governor’s request. The next step will be to formally present the study to the governor and the associated constituents and await their response. Pending the outcome of the response, CSU would then determine a course of action.

Several board members indicated that finding other state agencies or the City of Stockton to be the lead partner with CSU as a tenant for our educational programs should be considered as an alternative. They requested that this alternative should be discussed explicitly as the results of the feasibility study are presented for consideration to the legislature, the governor and his staff, the City of Stockton, and other stakeholders.

Chair Vitti expressed his concern regarding whether the City of Stockton would agree to participate in a joint powers authority, noting that the city’s involvement in the project would be essential to the success of the venture. Mr. West responded that he was reasonably sure that the city would join the joint powers authority.

Mr. West said the next five weeks prior to the May revise would be a crucial time during which he anticipates many discussions regarding the fate of the project. He said he would come back in May to present the outcome of those discussions.

### **Status Report on the Channel Islands Campus**

Mr. West reported the Channel Islands campus is well on-track and awaiting the outcome of its request for start-up operation costs. Meanwhile, the preparation of the campus master plan, supplemental EIR, and specific re-use plan are all in the final stages of completion.

Mr. West noted that pending the outcome of a decision on funding of operations costs, the campus hopes to begin development of 900 housing units on the campus. It is anticipated that a decision on funding will be received by July 2000.

### **Adjournment**

The meeting adjourned at 11:30 a.m.

**BRIEF**

**Information Item**

Agenda Item 1  
May 9-10, 2000

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

**Status Report on the Stockton Center and CSU Channel Islands**

**Presentation By**

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

**Summary**

An update on the Stockton Center and development at CSU Channel Islands will be presented.