

AGENDA

COMMITTEE OF THE WHOLE

Meeting: 10:00 a.m., Wednesday, September 16, 1998
Auditorium

William Hauck, Chair
Joan Otomo-Corgel, Vice Chair
William D. Campbell
Ronald L. Cedillos
Jim Considine
Martha C. Fallgatter
Bob Foster
Harold Goldwhite
Laurence K. Gould, Jr.
James H. Gray
Eric C. Mitchell
Maridel Moulton
Ralph R. Pesqueira
Alice S. Petrossian
Ali C. Razi
Michael D. Stennis
Anthony M. Vitti
Stanley T. Wang

Consent Items

Approval of Minutes of Meeting of July 14, 1998

1. Litigation Report No. 8, *Information*
2. Appointment of Member to the California State University Headquarters Building Commission, *Action*

Discussion Items

3. Conveyance of the Camarillo State Hospital to the California State University, *Action*

**MINUTES OF MEETING OF
COMMITTEE OF THE WHOLE**

**Trustees of The California State University
Glenn S. Dumke Conference Center
400 Golden Shore
Long Beach, California**

July 14, 1998

Members Present

William Hauck, Chair
Joan Otomo-Corgel, Vice Chair
William D. Campbell
Jim Considine
Martha C. Fallgatter
Harold Goldwhite
Maridel Moulton
Ralph E. Pesqueira
Alice S. Petrossian
Ali C. Razi
Michael D. Stennis
Anthony M. Vitti
Stanley T. Wang

Members Absent

Ronald L. Cedillos
Bob Foster
Laurence K. Gould, Jr.
James H. Gray
Eric C. Mitchell

Chancellor's Office Staff

June M. Cooper, Senior Vice Chancellor and Interim Chief of Staff
David S. Spence, Executive Vice Chancellor
Richard P. West, Senior Vice Chancellor, Business and Finance
Douglas X. Patiño, Vice Chancellor, University Advancement
Christine Helwick, General Counsel
Samuel A. Strafaci, Interim Senior Director, Human Resources

Chair Hauck called the meeting to order at 3:30 p.m.

Public/Private Sector Participation Concept Plan for a Joint-Use Library—San Jose State University
Chair Hauck asked Richard P. West, senior vice chancellor, business and finance, to present the item.

Senior Vice Chancellor West explained that the item was being presented under the public/private policy of the board. He said the project was extremely impressive but that there are still several hurdles to overcome including the current bond bill issue. Senior Vice Chancellor West then introduced Dr. Robert L. Caret, president, San Jose State University.

Whole

President Caret presented an overview of the history of the project. He noted the significant toll that budget cuts and high inflation rates have had on libraries during the past 10 years. He then explained the chain of events leading to the joint initiative between the San Jose campus and the City of San Jose to pursue the construction of a new library that would benefit both entities. This would be the first project of its kind in the country and is based on similar successful projects in Europe.

He thanked Chancellor Reed, Senior Vice Chancellor West, and Jon Regnier, senior director, physical planning and development for the CSU, for their support and assistance with the project.

Trustee Goldwhite inquired about efforts being undertaken to improve the library's collection. President Caret assured him there were several teams exploring all available avenues to improve and expand the existing collection.

Trustee Campbell said he was confident that the completed project would be an extremely beneficial and rewarding collaboration between the university and the city.

The committee recommended approval of the proposed resolution (RCOW 07-98-03).

Adjournment

The meeting adjourned at 3:55 p.m.

BRIEF

Information Item

Agenda Item 1
September 15-16, 1998

COMMITTEE OF THE WHOLE

Litigation Report No. 8

Presentation By

Christine Helwick
General Counsel

Summary

This is the biannual report on the status of significant litigation confronting the CSU, which is presented for information. "Significant" for purposes of this report is defined as litigation: (1) with the potential for a systemwide impact on the CSU; (2) brought by or against another public agency; or (3) which, for other reasons, has a high profile or is likely to generate widespread publicity. New information since the date of the last report is printed in italics.

The cases contained in this report have been selected from over 268 active litigation files currently pending which involve the CSU.

ITEM

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Agenda Item 1

September 15-16, 1998

COMMITTEE OF THE WHOLE

Litigation Report No. 8

New Cases

Bailey-Shimizu v. Brotherton, et al. – United States District Court, Los Angeles

Pamelalee Bailey-Shimizu, a disabled Native American student at CSU San Bernardino, filed this action alleging various civil rights violations because negative comments were made about her attire at a mock counseling session, which included various symbols of her political and religious affiliation. She earlier pursued an unsuccessful student grievance of this claim and now is suing several university employees, including the president.

The case is in the initial pleading stage.

California State Employees' Association, Local 1000, SEIU, AFL-CIO, CLC v. Trustees – Sacramento County Superior Court

CSEA filed this petition seeking to compel CSU to pay half of the costs for printing and distribution of the 1993-95 collective bargaining agreement. CSU had refused to pay because the document printed by CSEA contained self-promoting materials and its logo, in addition to the contract. At a hearing on July 31, 1998, the court denied CSEA's petition because it had not grieved the matter and therefore failed to exhaust its administrative remedies before filing suit.

Construction Cases

Monterey Mechanical Co. v. Pete Wilson, et al. - United States District Court, Sacramento

Monterey Mechanical Company was the low bidder on a major utilities upgrade project at California Polytechnic State University, San Luis Obispo, but was disqualified for failure to comply with the minority, women, disabled veterans provisions of the California Public Contracts Code. It filed suit claiming the statute creates an unconstitutional exclusive preference. It also requested issuance of a preliminary injunction which would have prohibited CSU from awarding the contract to the successful bidder and required that the award be made to Monterey Mechanical. That motion was denied. Cal Poly awarded the contract to the next lowest bidder which complied with the statute. Monterey Mechanical appealed. The appellate court reversed the lower court decision, ruling the statute, at least partially, unconstitutional. The appellate court then requested briefs as to whether arguments should be reheard by the full appellate court panel. *Ultimately, the case was rejected by a majority of the panel, and sent back to the trial court for further proceedings. On August 24, 1998, the CSU argued on a motion to dismiss that it should not be held liable because the court's decision overturning the Public Contracts Code could not reasonably have been foreseen. The Court dismissed the case, but on procedural grounds, and has granted the plaintiffs another opportunity to amend their complaint to state a proper cause of action against the CSU.*

Employment Cases

Ali v. California State University, Northridge, et al. - United States District Court - Los Angeles & Los Angeles County Superior Court

Amir Ali, a former campus architect with responsibility to oversee earthquake repairs at CSUN, filed two lawsuits claiming that the campus misused FEMA funds. His federal action alleges violation of the False Claims Act. It is in the discovery phase. His state court action was dismissed for failure to exhaust administrative remedies.

Brown v. California State University - Fresno County Superior Court

Horsford, et al. v. California State University - Fresno County Superior Court

Auwana Brown, a former employee in the CSU Fresno police department, filed a lawsuit claiming to have been sexually harassed by the former Chief of Police, Willie Shell. Daniel Horsford and five other employees or former employees in the CSU Fresno police department filed a separate lawsuit claiming that a variety of actions in the CSU Fresno police department while Shell was chief constituted reverse discrimination. The plaintiffs in the second action are white, Hispanic and Asian; Shell is black. Plaintiffs in both lawsuits are represented by the same attorney. Shell has resigned his employment at CSU Fresno, *and has pled no contest to felony charges of misconduct while he was Chief of Police at CSU Bakersfield before coming to Fresno. Settlement discussions are under way in Brown. Horsford is in discovery.*

California State Employees' Association, CSU Division, SEIU Local 1000, AFL-CIO v. Public Employment Relations Board - California Court of Appeal, 2d Appellate District

CSEA, the exclusive bargaining representative for units 2, 5, 7 and 9 of the California State University, filed a petition for writ of review requesting the California Court of Appeal to overturn a decision of the Public Employment Relations Board (PERB). The challenged decision determined that CSU had not committed an unfair labor practice when it suspended Merit Salary Adjustments in 1992 before completion of PERB-administered impasse procedures. On December 17, 1996, the Court of Appeal reversed the PERB decision, ruling that it was improper for the CSU unilaterally to change the terms of the collective bargaining agreement before any impasse was declared, and that the CSU had no special statutory protection which permitted it to do so. The Court returned the case to PERB for an order which restores the salary adjustments, with interest, to all affected employees from the date of contract expiration until the successor agreement was negotiated (a one year period). *Payments to employees have been made. The only remaining issue, which is scheduled for hearing before PERB on September 11, 1998, is the eligibility of CSUN interpreters for payment under their unique compensation plan.*

Chapman v. Board of Trustees - San Diego County Superior Court

Hill v. Trustees, et al. - Los Angeles County Superior Court

Marvin Chapman and nine other present and former SDSU temporary employees seek a writ of mandate to reclassify them to permanent status. Crystal Hill, a former temporary CSUN employee, also seeks a writ of mandate to reclassify her and other similarly situated persons to permanent status. Both claimants are members of CSEA and contend that they attained permanent status by virtue of the Education Code provisions which took effect, either because collective bargaining was at impasse, or because one collective bargaining agreement had expired and no new agreement was yet in place.

The court denied the petition in each of these cases and entered judgment in favor of the CSU. The time for filing an appeal has not yet expired in Hill.

Equal Employment Opportunity Commission v. Humboldt State University, et al. - United States District Court, San Francisco

The EEOC filed this lawsuit against the CSU and the CFA, alleging that not continuing teaching entitlements after age 70 for faculty members in the Faculty Early Retirement Program (FERP) and allocation of FERP benefits based on age are violations of the Age Discrimination in Employment Act. At the time the faculty members whose interests are impacted elected to enroll in FERP and accept its benefits, mandatory age 70 retirement was permissible in higher education. It was therefore mutually anticipated that the FERP entitlements for these faculty members would cease at age 70 and that was incorporated into FERP. The law has since changed and as a consequence, the EEOC now argues that the teaching benefits of the impacted faculty must be extended for life. The terms of FERP currently provide for a maximum of five years in the program without respect to age. The parties are currently engaged in settlement discussions.

Tillinghast v. Humboldt State University, et al. - United States District Court, San Francisco & Sacramento County Superior Court

Professor Tillinghast brought this action in federal court after he forfeited an offer for a lectureship in the religion department at Humboldt State University because he would not sign the loyalty oath required of all state employees by the California Constitution. He alleged that the oath interfered with his religious beliefs in violation of the Religious Freedom Restoration Act. Professor Tillinghast subsequently filed a separate lawsuit in state court on these same issues.

On June 25, 1997, the United States Supreme Court invalidated the Religious Freedom Restoration Act on constitutional grounds. CSU then filed a motion for summary judgment in the federal action, which was granted on September 4, 1997. Professor Tillinghast has not pressed his state court claim.

Student Cases

California National Organization for Women, et al. v. Board of Trustees - San Francisco County Superior Court

Plaintiffs in this case claimed that CSU was in violation of the law because proportionally fewer female students were participating in NCAA sports than male students. In 1993, a Consent Decree was signed which requires each campus within the CSU to achieve gender equity in athletics by the 1998-99 academic year. According to the third report prepared to monitor progress on the requirements of the Consent Decree, 55 percent of the NCAA-eligible undergraduates in the CSU are women and 45 percent are men; 44 percent of the intercollegiate athletic participants are women and 56 percent are men. This reflects an additional 3 percent increase in the overall participation rate for women since the date of the last report and a 7 percent total increase since these reports began. The ratios vary from campus to campus. The California State Polytechnic University at Pomona and Humboldt State have achieved the compliance which will be required of all CSU campuses with intercollegiate sports programs during the 1998-99 academic year.

Campos, et. al. v. San Francisco State University, et. al. - United States District Court, San Francisco
Elizabeth Campos, a disabled San Francisco State student, and STARS, an unincorporated association of 20 other disabled students at San Francisco State, have filed this action alleging various civil rights violations and a denial of educational opportunity based on the alleged existence of multiple, although unspecified, architectural barriers throughout the campus. The plaintiffs seek to represent a class of disabled CSU students. The California Faculty Association is also named as a plaintiff in the action claiming injury on behalf of disabled San Francisco State faculty. The CFA, however, expressly does not seek certification of any class. The plaintiffs are collectively represented by Disability Rights Advocates, an organization that has gained some publicity in the past for pursuing similar litigation against other organizations involving these issues.

The case is in discovery stage. Trial is set for March 15, 1999.

Doe, et al. v. Regents, et al. - San Francisco County Superior Court

This is a class action challenging the legal validity of the higher education components of Proposition 187. The case was filed against CSU, the University of California and the California Community Colleges. A preliminary injunction was entered on February 8, 1995, barring implementation of the new law before trial. On November 21, 1997, the court issued a tentative decision dismissing this lawsuit because of the unconstitutionality ruling in the companion federal court action described below, which rendered moot any need to reach the issues in the state court suit. *The court has now stayed all further proceedings in this suit pending outcome of all appeals in the companion federal suit.*

Gregorio T., et al. v. Wilson, et al. - United States District Court, Los Angeles

This is one of several class actions filed in the Los Angeles Federal District Court challenging Proposition 187. The cases were consolidated before Judge Mariana Pfaelzer, who ruled in November of 1995, among other things, that the reporting requirements of the higher education components of Proposition 187 are unconstitutional. On November 14, 1997, Judge Pfaelzer ruled the balance of the claims preempted by the Personal Responsibility and Work Opportunity (Welfare Reform) Act. *Final judgment was not entered until March of 1998. The state (not including the CSU or UC) has filed an appeal. Plaintiffs have filed a motion for an award of their attorneys' fees.*

Hollander v Munitz, et al. - Sonoma County Superior Court

Lynne Hollander, the widow of 1960s Free Speech activist Mario Savio, sought unsuccessfully in this lawsuit to halt a Sonoma State campus referendum on a proposed student fee increase. The complaint alleged unfair election practices and noncompliance with trustee policy. A limited temporary restraining order was entered before the election; the court refused to halt the election but stayed implementation of the results pending a subsequent hearing. The referendum was thereafter defeated. Hence, a fee increase is not currently planned for the Sonoma campus, and the parties stipulated that the issue in the subsequently scheduled hearing had become moot. The plaintiff's counsel has nonetheless refused to dismiss this case and indicated his intent to amend the complaint to challenge fee election procedures systemwide.

Landers v. Board of Trustees - Los Angeles County Superior Court

J. Christopher Landers, a fine arts student at California State University, Northridge, filed this lawsuit after the campus blocked access to his web page on the CSUN computer, because it denounced State Senator Cathie Wright and advocated the candidacy of John Birke. The campus concluded that this constituted an impermissible use of state resources for a partisan political purpose.

Landers's application for a temporary restraining order to prohibit the campus from interfering with his freedom of expression was denied. The campus policy on computer use was thereafter amended to clarify that computer use is restricted to university business, including uses associated with the academic programs of the university. Before a different judge, Landers was nonetheless successful in gaining a preliminary injunction against any campus policy that limits the use of the computer for political purposes. The court reasoned that having once created a limited public forum, campus policy cannot thereafter restrict political use.

Both parties filed motions for summary judgment. The CSU's motion was granted and judgment was entered on September 27, 1997. Landers has appealed.

Martinez v. State of California, et al. - Sacramento County Superior Court

Karen Martinez, an applicant for the Executive Fellowship Program jointly managed by the Center for California Studies at CSU Sacramento and the Governor's Office, contends in this lawsuit that her selection as an alternate, rather than a finalist, was a product of age discrimination. She bases her claim on a comment made by a representative from the Governor's Office during a committee meeting, which was disclosed to her by one of the CSU members of the committee. The university is being jointly defended with the Governor's Office by the Attorney General. On October 24, 1997, the CSU's motion for summary judgment was granted. *Plaintiff's appeal is pending.*

Muenzberg v. Barnes, et al. - United States District Court, Sacramento

Darrin Muenzberg, a former California Maritime Academy student, claims various civil rights violations because he was allegedly "singled out" and retaliated against for supporting a fellow student who filed a race discrimination complaint against then-Vice President for Student Services Stephen Barnes. (Barnes has since left the Academy and filed his own lawsuit against the CSU). The retaliation included, among other things, being subjected to an unauthorized drug test. Barnes is being provided a separate defense at CSU expense pursuant to a reservation of the right to disclaim responsibility for his conduct.

The case is in the discovery stage. Trial is set for October 18, 1999.

Neal, et al. v. Board of Trustees of the CSU, et al. - United States District Court, Fresno

Members of the CSU Bakersfield wrestling team, both men and women, filed this lawsuit to enjoin the elimination of wrestling, or the placement of any cap on the male membership of the team, in order to comply with the Consent Decree in the Cal NOW litigation described above. The plaintiffs argue that both the Consent Decree and the federal regulations implementing Title IX are discriminatory.

In December of 1997, the court ruled that achieving proportionality in male and female participation in athletics is not a “safe harbor” against claims of (reverse) discrimination. The opinion acknowledges its inconsistency with five federal appellate opinions which have considered this same issue. It follows instead a lone Louisiana district court opinion. The court has not foreclosed the CSU from justifying its actions with respect to the Bakersfield wrestling team, but has determined that achieving proportionality is not, by itself, a sufficient justification

The court also issued a temporary restraining order reinstating seven male wrestlers who had been cut from the team pending a preliminary injunction hearing. *That matter was heard in March of 1998, and the court took under submission the question of whether CSU should be forbidden from further limiting the wrestling squad size. The court has not yet rendered a further opinion.*

Spragg v. Board of Trustees, et al. - San Diego County Superior Court

SDSU student Julia Spragg was reported by her roommate to have smoked marijuana in their dorm room and to have committed other violations of the housing rules. Spragg refused to cooperate in an investigation of the housing violation and refused to attend a drug education course as directed. She was placed on housing probation and threatened with eviction. When she appealed the threatened eviction, the housing proceedings were rescinded, and she was charged with violation of the Student Conduct Code. Rather than proceed to a student disciplinary hearing, Spragg accepted the sanction of academic probation. She also moved out of the dorm voluntarily. In this lawsuit, Spragg claims that the CSU breached her student housing license agreement, violated her due process rights, and instituted unduly harsh and retaliatory disciplinary proceedings.

Plaintiff's claims were largely unsupported by the evidence, but some university documents and its housing policy (which has since been modified) could have been better written. In July of 1998, the case settled for \$19,750.

Other Cases

Casmalia Resources Site Steering Committee v. State of California, et al. - Los Angeles County Superior Court

Plaintiff, Casmalia Resources Site Steering Committee, is an association of large corporations and other affiliates that have disposed of toxic substances at a now inactive waste treatment, storage and disposal facility in northern Santa Barbara County. Pursuant to a Consent Decree entered into with the Environmental Protection Agency, Casmalia has paid considerable sums to clean up that site and is now seeking reimbursement from the state on the theory that the state had a duty under a number of statutes to monitor the site and to pay for the clean-up of wastes it contributed to the site. The CSU is named as a defendant in this lawsuit along with 30 other agencies of the state that purportedly disposed of toxic wastes at this facility. The CSU is represented by the Attorney General in this litigation without charge. *An early motion challenging the sufficiency of the pleadings has substantially limited the defendants' exposure. The Attorney General is reviewing the possibility of tendering the remainder of the case to various insurance carriers.*

Native American Heritage Commission, et al. v. Board of Trustees - Los Angeles County Superior Court

In this action the Native American Heritage Commission and 29 individuals claimed that a 22-acre site on the CSU Long Beach campus should not be developed because it is the location of the ancient Native American village of Puvungna and the only public land suitable as a customary place of worship for certain Native American religions. In April 1995, the CSU's motion for summary judgment was granted. Plaintiffs appealed. In December 1996, the California Court of Appeal overturned the trial court opinion, ruling that because it is a part of the state, the CSU lacks standing to challenge the constitutionality of the statute which permitted the plaintiffs to file this suit. The CSU's petition to the California Supreme Court was denied. The parties are currently engaged in settlement discussions.

Smart v. Flores, et al.- San Luis Obispo County Superior Court

Plaintiffs are the parents of a Cal Poly student who has been missing since May 1996. The student was last seen returning from an off-campus party with defendant Flores, also a student. Various law enforcement agencies, including the Cal Poly Public Safety Department, have been actively involved in the investigation of this situation, treating it as a potential homicide. The case has generated much press interest and the attention of various elected officials.

Plaintiffs' initial theories against Cal Poly were an alleged negligent police investigation and inadequate lighting, security devices and security personnel. After three attempts at pleading a legally viable claim, the court dismissed this case. *Plaintiffs have appealed the court's dismissal. At the plaintiffs' urging, the governor recently signed "The Kristen Smart Security Act of 1998," which requires all institutions of higher education in the state to enter into written mutual aid agreement with local law enforcement agencies to investigate violent crimes committed on college and university campuses.*

Trustees v. Riley - United States District Court, Los Angeles

An audit performed by the Department of Education into CSU's administration of Pell Grant funds during the period from July 1, 1983, to May 31, 1986, resulted in a determination that CSU owed over \$500,000 in interest allegedly earned while funds were in interest bearing accounts awaiting distribution to beneficiaries. An abstract employing generally accepted accounting principles demonstrates that CSU actually lost money in administering the Pell Grant funds. An administrative law judge ruled in CSU's favor, but was overturned by the Secretary of Education. After unsuccessful efforts in Washington, D.C., to resolve this dispute, CSU filed suit. Judgment was entered in favor of CSU. The Secretary of Education appealed. The Ninth Circuit Court of Appeals affirmed, in part, the lower court's decision, and ruled that the Department of Education's method of calculating interest was arbitrary and capricious. The case was sent back to the trial court, and the Department of Education ordered to recalculate the interest. Notwithstanding the Ninth Circuit opinion, the Department of Education continued to calculate the interest employing the old methodology, and took the position that the CSU owed over \$1 million. The CSU petitioned the trial court for relief. The court required the CSU first to pursue another administrative appeal.

The administrative law judge in the second proceeding encouraged the parties to engage in further settlement discussions, which has resulted in a settlement. The CSU will pay the Department \$133,867, in exchange for a final resolution of the dispute. The case has now been dismissed.

BRIEF

Action Item

Agenda Item 2
September 15-16, 1998

COMMITTEE OF THE WHOLE

Appointment of Member to the California State University Headquarters Building Commission

Presentation By

Richard P. West, Senior Vice Chancellor
Business and Finance

Summary

This item appoints a commissioner to the CSU Headquarters Building Commission for a term ending September 30, 2002.

Recommended Action

Adoption of the resolution.

ITEM

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Agenda Item 2

September 15-16, 1998

COMMITTEE OF THE WHOLE

Appointment of Member to the California State University Headquarters Building Commission

The state university headquarters building has been financed and operated through a joint powers agreement with the city of Long Beach. The trustees appoint two members to the commission that oversees the joint powers authority. Mr. James Algie has served on this commission since October 1994. He was first asked to serve as a CSU representative after attending commission meetings on behalf of the city while serving as the chief financial officer for Long Beach. Mr. Algie's understanding of the authority's activities and his strong financial skills have been an asset to the commission. An appointment is needed for term ending September 30, 2002. The position is uncompensated and must be held by a California elector.

The following resolution is recommended for approval:

RESOLVED, By the Board of Trustees of The California State University, that Mr. James Algie be appointed a commissioner of the CSU Headquarters Building Commission for the term ending September 30, 2002.

BRIEF

Action Item

Agenda Item 3
September 15-16, 1998

COMMITTEE OF THE WHOLE

Conveyance of the Camarillo State Hospital to the California State University

Presentation By

Richard P. West, Senior Vice Chancellor
Business and Finance

J. Handel Evans, President
California State University, Channel Islands

Summary

This item provides a report on activities leading to the recommended conveyance of the former Camarillo State Hospital site to the California State University.

Recommended Action

Approval of the resolution.

ITEM

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Agenda Item 3

September 15-16, 1998

COMMITTEE OF THE WHOLE

Conveyance of the Camarillo State Hospital to the California State University

In November 1996, a 20-member gubernatorial task force strongly recommended that the former Camarillo State Hospital and Development Center in Ventura County be used for a twenty-third campus of the California State University system.

In September 1997, the Board of Trustees delegated to the chancellor the authority to pursue and accept conveyance of the former site of the Camarillo State Hospital and Development Center to the California State University subject to the following conditions:

- (a) That the final budget act for fiscal year 1998/99 include a permanent general fund support augmentation to the California State University in the amount of six million, five hundred thousand dollars to support the operation of the off-campus center.
- (b) That the California State University retain the discretion to return all or part of the property to the state should the general fund support augmentation be withdrawn.
- (c) That, upon determination by the chancellor that the CSU should finance the cost of renovations to space on the site for CSU use, the legislature and the governor authorize the CSU to debt finance these costs.
- (d) That, upon determination by the chancellor that the creation of a special educational authority designation for the site is necessary to permit the use of tax increment financing to support lease and development activities, the legislature and the governor support CSU sponsored legislation to create such a special educational authority.

On October 12, 1997, the governor approved a measure stating the intent of the legislature that the land and improvements comprising Camarillo State Hospital be transferred to the Trustees of the California State University, subject to their approval, to be developed and improved as a campus of the California State University in order to make public postsecondary education more available to qualified persons in the Ventura County area as well as throughout the state (SB 623, O'Connell).

The Proposed Plan

Under the plan approved by the Board of Trustees, the university will occupy an estimated 200,000 gross square feet of existing space at the hospital site by 2005/06. Analysis of the region's educational needs conducted by the National Center for Higher Education Statistics, as well as a review of the programs offered at the existing California State University, Northridge off-campus center in Ventura, and in-depth analyses of the buildings indicate that 200,000 gross square feet will be sufficient to provide services in the off-campus center accommodating up to 3,000 full time equivalent students. The timing for converting the off-campus center to an independent four-year university, which will require additional funding, will be considered at a later date and will be contingent upon enrollment growth and availability of resources.

The proposed CSU Channel Islands campus site is 629 acres with a main campus area of about 150 acres. On the 1.3 million-square-foot existing campus core, the plan, at full buildout, calls for conversions for the following uses:

- 1 million square feet of academic and university support space.
- 250,000 square feet of student residence halls.
- 50,000 square feet of space for a K-8 school and day care center.

In addition to the campus core, the site includes 125 acres that will be used predominately for revenue generating development projects including residential units, research and development facilities, and related commercial support space.

Electricity and steam for heating are supplied to the facility by a co-generation plant located on the site. The co-generation plant is privately owned and operated and functions through an agreement administered by the California Department of General Services. The agreement requires that both steam and electricity be provided to the site at favorable rates on the condition that a minimum level of steam be accepted on an annual basis. The transfer of the former hospital site to the California State University will not amend the co-generation agreement which will continue to be administered by the Department of General Services. We anticipate a letter from the Department of General Services confirming our understanding of our responsibilities under the co-generation agreement.

The financial plan assumes that the state conveys the entire site to the CSU. Lease and development activities would be managed through a newly created special site authority described more fully below. Funding for the costs of operating the off-campus center as well as to pay debt service associated with capital renovations of buildings required for academic purposes would come from a combination of lease and development revenues, CSU budget allocation for enrollment growth, and additional state funding provided in the 1998/99 Final Budget.

		Financial Plan						
		1998/1999	1999/2000	2000/2001	2001/2002	2002/2003	2003/2004	2004/2005
Full Time Equivalent Students		1,100	1,500	2,000	2,250	2,500	2,750	3,000
Space for CSU Purposes		100,000/gsf	100,000/gsf	200,000/gsf	200,000/gsf	200,000/gsf	200,000/gsf	200,000/gsf
Uses of Funds								
Instructional and Support Costs	\$	4.9	7.2	10.0	11.5	12.9	14.4	15.8
Instr Equip/Technology Support		0.5	0.7	0.9	1.0	1.1	1.2	1.4
Maintenance and Utilities Costs		5.2	5.2	5.9	5.9	5.9	5.9	5.9
Debt Service for Renovation in 2000/01		-	-	1.1	1.1	1.1	1.1	1.1
Total Uses of Funds		<u>\$ 10.6</u>	<u>\$ 13.1</u>	<u>\$ 17.9</u>	<u>\$ 19.5</u>	<u>\$ 21.0</u>	<u>\$ 22.6</u>	<u>\$ 24.2</u>
Sources of Funds								
Funded from CSU Budget		5.0	7.5	10.8	12.4	13.7	14.4	15.7
Lease and Development Revenues		0.4	0.4	1.9	1.9	2.1	3.0	3.3
Permanent Funding Provided in 1998/99		<u>5.2</u>	<u>5.2</u>	<u>5.2</u>	<u>5.2</u>	<u>5.2</u>	<u>5.2</u>	<u>5.2</u>
Total Sources of Funds		<u>\$ 10.6</u>	<u>\$ 13.1</u>	<u>\$ 17.9</u>	<u>\$ 19.5</u>	<u>\$ 21.0</u>	<u>\$ 22.6</u>	<u>\$ 24.2</u>

Ongoing lease negotiations have resulted in four executed leases with Calstart, Rieger Milliken, Ventura County Fire District, and Orthodic Wheel Chair Design for approximately 81,000 gross square feet (GSF) of space. Five additional leases for 54,000 GSF are projected to sign by October 1, 1998. A number of other firms have also expressed interest in moving to the campus. Two educational agreements to develop a distance learning site for the California State University, Northridge College of Extended Learning and Bio-Tech Regional Center in cooperation with Moorpark College and private industry for 8,000 GSF are in process.

Compliance with Condition (a)

The 1998/99 Final Budget provides \$5.2 million in additional general fund money to support the operation of the off-campus center. The original trustees' request of \$6.5 million included funding for debt service payments of \$1.1 million to pay financing costs for the renovation of the first 100,000 square feet of space to be used for instructional purposes. The governor's budget provided \$11.3 million in capital funding, above the \$150 million provided to the CSU under the terms of the budget compact, to renovate the first 100,000 square feet of space. As a result, the \$1.1 million in debt service payments was eliminated from the trustees' request. Also, \$200,000 was reduced from the trustees' request by the Department of Finance to reflect revised maintenance cost estimates.

Compliance with Condition (b)

The Department of General Services, the department responsible for drafting the conveyance documents, has been instructed to include the provision that the California State University retains the right to return all or part of the property should the general fund augmentation be withdrawn.

Compliance with Condition (c)

The final 1998/99 budget provides additional capital funding to pay for renovation costs; therefore, the need for debt financing has been eliminated for the first 100,000 square feet of space for CSU use.

Compliance with Condition (d)

Senate Bill 1923 (O'Connell, Johnston, Polanco) creates the California State University, Channel Islands Site Authority to provide a reuse plan to finance and support the transition of Camarillo State Hospital to a new state university campus.

The seven-member Authority governing board consists of four representatives designated by the California State University, two members of the Ventura County Board of Supervisors appointed by the Board of Supervisors, and one member representing the cities in Ventura County appointed by the city selection committee.

SB 1923 designates the CSU general counsel as the Authority's legal counsel, but permits the Authority to employ legal counsel to carry out its duties. The bill also requires the CSU to provide the services of a secretary, treasurer, controller, and other staff. SB 1923 also allows the Authority to engage private consultants and allows the Authority to contract with others to manage and operate projects and facilities.

The Authority can exercise all the powers common to the county and the CSU trustees, adopt a seal, adopt bylaws to regulate its affairs, and sue and be sued. In addition, the Authority can:

- (a) Determine the location and character of any project or educational facility.
- (b) Acquire, construct, repair, improve, furnish, equip, manage, operate, sell, or lease projects or educational facilities.
- (c) Acquire real and other property upon a price and under terms that the Authority deems reasonable.
- (d) Obtain insurance, participate in the CSU Risk Management Authority, and provide self-insurance.
- (e) Finance working capital and refinance debt.
- (f) Mortgage its interest in projects and facilities. Invest funds in the instruments authorized for the CSU and local agencies.
- (g) Make direct loans, provide working capital, and refinance debt.
- (h) Collect property tax increment revenues.

Regarding property tax collection, the Authority must follow the same statutory pass-through requirements as a military base reuse conversion redevelopment agency (RDA), including the requirement to set aside 20 percent of its gross tax increment revenues for housing for low-income students, faculty, and staff.

The Authority must conform to the timelines for a military base redevelopment authority for incurring debt, the effectiveness of the redevelopment plan, the repayment of debt, and the collection of property tax revenues and may spend tax increment revenues offsite to mitigate environmental impacts or to support development agreements with the board of supervisors to support the campus.

SB 1923 also authorizes the Authority to receive all of the local government share of sales and use tax revenues from the 1 percent Bradley-Burns rate derived from retail sales or use of property that occurs on the site. Beginning in 2030-31, the Authority must transfer 50 percent of all sales tax revenues to the county.

SB 1923 also creates the CSU Channel Islands Site Authority Fund in the State Treasury where all funds are to be continuously appropriated and administered by the Authority. The Authority may pledge these revenues, which are primarily held for the payment of bonds.

Resolution

Approval is requested for the transfer, control, and possession of the former Camarillo State Hospital and Development Center to the CSU Board of Trustees.

The following resolution is recommended for approval:

RESOLVED, By the Board of Trustees of The California State University, that the chancellor is delegated authority to pursue and accept conveyance of the former site of the Camarillo State Hospital and Development Center to the California State University to be used as a site for California State University, Channel Islands and the California State University, Northridge off-campus center.