

SOUTH ORANGE COUNTY COMMUNITY COLLEGE DISTRICT

28000 Marguerite Parkway, Mission Viejo, California 92692

NOTICE OF SPECIAL MEETING

Members of the Board of Trustees

of the South Orange County Community College District:

IN RESPONSE TO THE COVID-19 PANDEMIC AND ITS IMPACT ON PUBLIC MEETINGS UNDER THE BROWN ACT, ON MARCH 17, 2020, GOVERNOR NEWSOM SIGNED EXECUTIVE ORDER N-29-20 THAT SUSPENDS, ON AN EMERGENCY BASIS PURSUANT TO GOVERNMENT CODE 8571, CERTAIN PROVISIONS OF THE BROWN ACT'S GENERAL REQUIREMENTS FOR PUBLIC MEETINGS. ACCORDINGLY, THE REQUIREMENTS OF THE BROWN ACT REQUIRING THE PHYSICAL PRESENCE OF BOARD MEMBERS AT MEETINGS OF THE BOARD AND PROVIDING A PHYSICAL SPACE FOR MEMBERS OF THE PUBLIC TO OBSERVE AND PARTICIPATE HAVE BEEN SUSPENDED UNTIL FURTHER NOTICE.

Consistent with the foregoing, this Special Meeting of the Board is being held as a virtual meeting. To join this meeting, from your computer or telephone, please use the following information:

Zoom Link: <https://soccdd.zoom.us/j/99154442372?pwd=MWFtT0JWSVE5YWl3dUVaV2V6WGp6UT09>

Zoom Call-In numbers:

(877) 853-5247 US Toll-free

(888) 788-0099 US Toll-free

Zoom Meeting ID: 991 5444 2372

Zoom Meeting Password: 073407

To join via the internet, click on the link above and follow all prompts to run the Zoom software.

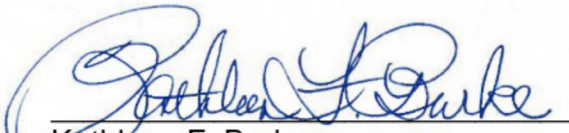
Persons with disabilities needing assistance such as listening devices or other accommodations, please notify the Chancellor's Office at (949) 582-4841 at least 12 hours prior to the meeting so arrangements can be made.

You are hereby notified that a special meeting of the Board of Trustees has been called for Tuesday, October 20, 2020 starting at 6:00 p.m., via Zoom Videoconferencing, for the purpose of:

1. Advanced Technology and Education Park (ATEP) Status Report

An opportunity will be provided at the beginning of the meeting for public comments.

Should you wish to participate in public comments or request to “speak” to an agenda item, you may speak when authorized by the Board President of the meeting or submit your comments electronically by emailing Grace Garcia at ggarcia@socccd.edu. Submissions by email must be received prior to the posted start time of the meeting. Please include in the subject line of the email: COMMENTS FOR THE SPECIAL MEETING OF OCTOBER 20, 2020. Submissions will be read aloud at the meeting and must comply with the two-minute time limit.



Kathleen F. Burke
Secretary, Board of Trustees



**Special Meeting of the
Board of Trustees**
via Zoom Teleconference

October 20, 2020

CALL TO ORDER: 6:00 P.M.

1.0 PROCEDURAL MATTERS

1.1 Call To Order

1.2 Roll Call – Establishment of Quorum

Trustee T.J. Prendergast, Board President
Trustee Tim Jemal, Vice President
Trustee James Wright, Clerk of the Board
Trustee Barbara Jay, Member
Trustee David Lang, Member
Trustee Marcia Milchiker, Member
Trustee Terri Whitt Rydell, Member

1.3 Public Comments

*Members of the public may address the Board on items listed on the agenda. **Speakers are limited to two minutes each.***

2.0 DISCUSSION ITEM

2.1 Advanced Technology and Education Park (ATEP) Status Report

ADJOURNMENT TO CLOSED SESSION

3.0 Conference with Real Property Negotiators (GC Section 54956.8)

3.1 Exchange of Property

Agency Designated Negotiators: South Orange County Community College District – Ann-Marie Gabel, CPA, Vice Chancellor, Business Services (Seller), Andrew Bernstein, Jackson Tidus (District Real Estate Legal Counsel), and Gregory G. Gotthardt, FTI Consulting, LLC (District Real Estate Consultant)

Lease of Property by District: Approximately 30.97 acres of real property located at 1610 Valencia Ave., [1693 Victory Road](#), and 1602 Victory Road Tustin, CA 92782 (Property) also known as the Advanced Technology & Education Park (ATEP site)

Negotiating Parties: City of Tustin, The Goddard School, ACS Development Group, Inc., and 7Diamonds Clothing Co. Inc.

Under Negotiation: Instructions to designated negotiators will concern price and terms of payment for the ground lease of the identified Property.

ADJOURNMENT



SOUTH ORANGE COUNTY COMMUNITY COLLEGE DISTRICT
SADDLEBACK COLLEGE ♦ IRVINE VALLEY COLLEGE ♦ ATEP

Advanced Technology & Education Park (ATEP)

Board of Trustees Study Session
October 20, 2020



Outline

I. Introductions

- Andrew Bernstein – Jackson Tidus
- David Knowlton – NAI Capital
- Eddie Arslanian and Amy Manion – Ramboll

II. Background

III. Market Update

IV. LIFO Update

- Status of LIFO
- County Exchange Property
- Navy Process for Transfer of Land



ATEP Land Uses

ATEP Permitted Uses

Automobile research, design, and development
Corporate headquarters/office
Child care center
Data storage, retrieval, send-receive operation
Electronic equipment testing
Food Services
General office
Government facility
Instructional/vocational school
Live performance facility/amphitheater (Conditional)
Manufacturing/distribution
Medical offices/healthcare centers
Precision machine shop
Research and development facility
School, private or public

ATEP Prohibited Uses

Auto sales, leasing or repairs
Bingo parlor/hall or casino
Drive-through use
Grocery store, supermarket, or mini-mart
Health club (except for use by students, faculty and campus employees)
Hotel/motel
Jail facility
Live Entertainment/Entertainment use (unless associated with educational user)
Residential dwelling (except dormitory and student housing)
Residential/commercial mixed use, live/work use
Second hand store, pawn shop, or flea market
Shopping center
Traveling carnival or fair

This list is not exhaustive of all permitted or prohibited uses.

The Development Agreement (DA) with the City of Tustin requires that a minimum of 51% of the final square footage be Educational Uses. The Non-educational Uses are “front-loaded” and increase with addition of educational buildings.

1)



We built (1) 32,492 sf (approx.) building so ...



we are entitled to build up to (3) 50,000 sf commercial buildings.



2)

If we build 1 more 30,000 sf educational building ...



After that, we would need to build (8.4) 30,000 sf educational buildings ...



we will be entitled to build 2 additional 50,000 sf commercial buildings (or 5 total).



to be entitled to build 1 additional 50,000 sf commercial building (or 6 total).



Key



30,000 sf Educational Uses



50,000 sf Non-Educational Uses

150,000 sf available

250,000 sf available

300,000 sf available

Phasing/Use Ratio

	Educational SF (Commenced)	Non-Educational SF (Authorized)	Ratio
1)	32,492 (Current)	150,000	Educational SF Non-educational SF 18% 82%
2)	30,000 (62,492)	100,000 (250,000)	20% 80%
3)	249,508 (312,000)	50,000 (300,000)	51% 49%
Thereafter ...	51,000 (363,000)	49,000 (349,000)	51% 49%

[4 of 21]



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Market Update



Your Marketing Team



David Knowlton, CCIM, SIOR
Executive Vice President
BRE License #00893394

- 35 Years
- Industrial, R&D, Land



Kirby Greenlee
Senior Vice President
BRE License #00829035

- 37 Years
- Office, R&D, Land



Mariko Beaver
Senior Vice President
BRE License #01226745

- 29 Years
- Medical, Office, Land

NAI Capital

14 Regional Offices

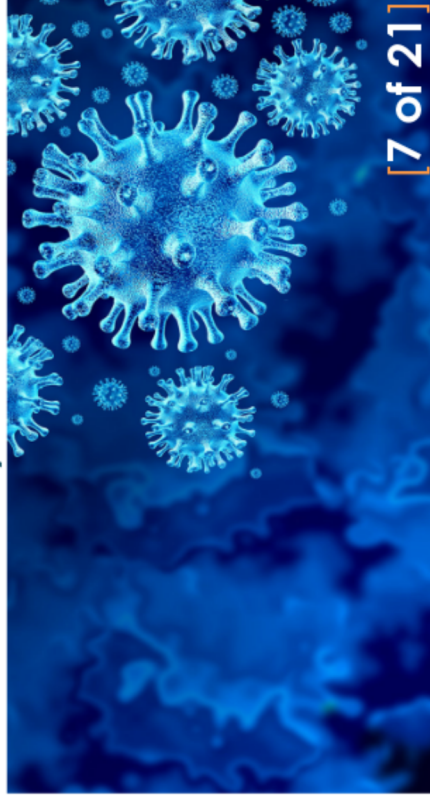
NAI Global

400+ Offices Worldwide
Ranked #4 in the Nation



Market Overview with COVID-19 Impact

- Market reaction has been swift
- Commercial Real Estate (CRE) business down 45% to 52%
- Market Segments
 - Office – 60% of users working remotely
 - Retail – Online shopping surged
 - Brick & Mortar crushed
 - Industrial – Soft but steady (E-Commerce)
- Short-term liquidity strained
- Capital markets remain solid

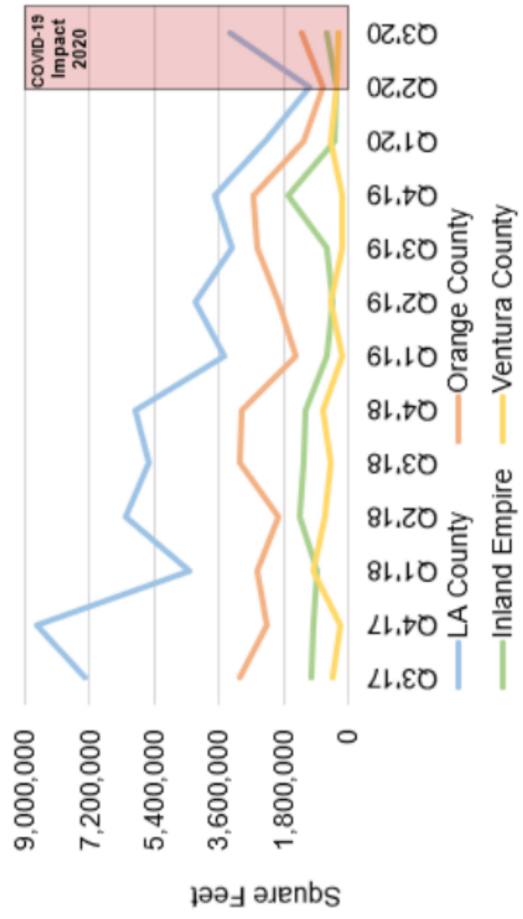




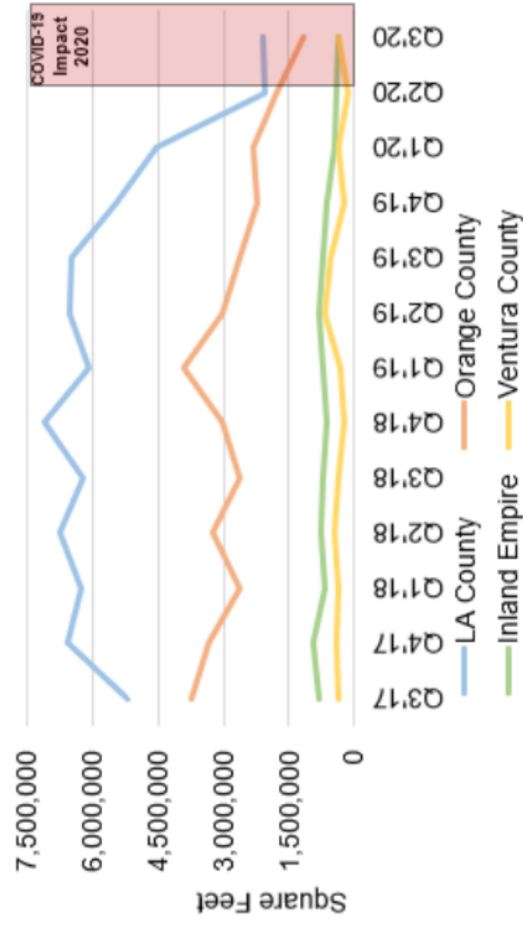
Southern California Office Markets



Sales Volume 3-Year Trend



Leasing Volume 3-Year Trend



- Sales volume down 65% in Q2 (rebounding?)
- Leasing volume down 50% in Q2 & dropping
- Graphs not indicative of real market
- Office Real Estate Investment Trust (REIT) prices down 17%

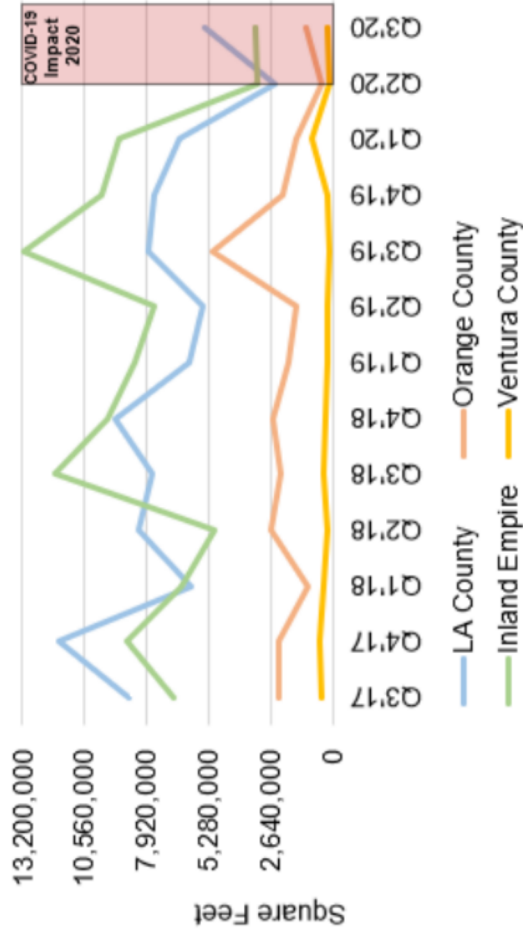
Source: NAI Capital Commercial Research, CoStar



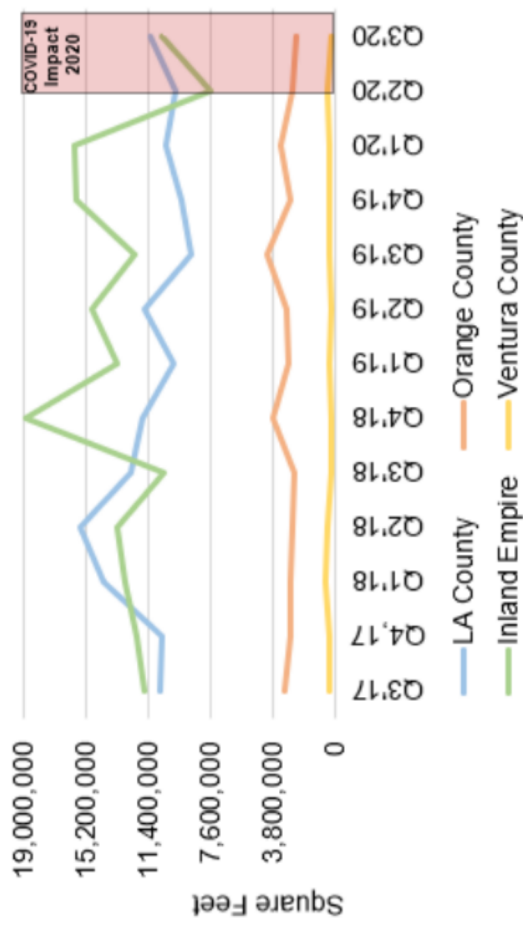
Southern California Industrial Markets



Sales Volume 3-Year Trend



Leasing Volume 3-Year Trend



- Sales volume down 75% in Q2
- Leasing volume down 30% in Q2
- Industrial Real Estate Investment Trust (REIT) prices up 14%

Source: NAI Capital Research, CoStar



COVID-19 Long-Term Effects

- Too early to tell
- Predict 5% to 10% drop in U.S. GDP in 2020
- Expect quick rebound following vaccine
- New normal
 - Reduced demand for office
 - Reduced demand for retail
 - Continued demand for industrial (mostly distribution)
- Drop in commercial real estate values
 - Buildings & land
- Continued shortage of land = opportunity for ATEP



Market Response Since March 2020

- **59** direct inquiries by phone or email
- **14** general inquiries with no specific need
- **25** prospects with non-approved uses
 - Retail, residential, and industrial (storage and distribution)
- **1** prospect with offsite parking
- **19** prospects with approved uses:
 - **3** Educational (special needs school and two preschools)
 - **4** Medical (clinic, sub-acute care, R&D and Medical Office Building)
 - **2** Industrial (manufacturing and corporate headquarters)
 - **1** Office (corporate headquarters)
 - **2** Residential (student housing)
 - **7** Other (6 sports related, 1 movie studio)



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LIFOC Update



Status of LIFOC

Approximately one-half of the ultimate 61.4 acre site is currently under a Lease in Furtherance of Conveyance (LIFOC) until Finding of Suitability to Transfer (FOST) is issued by Navy.

These areas contain contaminated ground-water which is currently being remediated.

Ground-water will never be used for anything at ATEP.

Potable water at ATEP comes from an offsite source.





County Exchange Property

- Currently not part of LIFOC
- Under contract to be deeded to SOCCCD upon issuance of FOST
- According to the City of Tustin:
 - Navy is interested in adding County Exchange property to LIFOC
 - City is interested in adding County Exchange property to Sublease Agreement



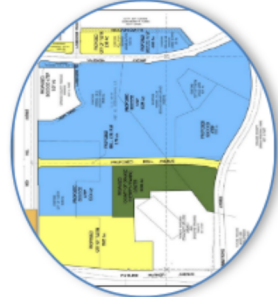


FOST Timeline



2002-2017
FOST #s 4-9 occur transferring ownership of other portions of Tustin Legacy Redevelopment Area.

2018
FOST #10 was originally planned for 2018. Had it been finalized in 2018, the LIFOC Property would have been transferred with known volatile organic compound (VOC) contamination, namely 1,2,3-trichloropropane (1,2,3-TCP) and trichloroethene (TCE) impacts in groundwater, along with a remedy in place of groundwater extraction and treatment.



2002
The owned portion of the ATEP Campus was transferred under FOST#3 in 2002.



2017
CA Department of Toxic Substance Control (DTSC) lowered the 1,2,3-TCP maximum contaminant level (MCL) to 0.005 micrograms per liter (µg/L).

2019
Emergence of per- and polyfluoroalkyl substances (PFAS) as chemicals of potential concern at the site, but also nationally.

Present
There is uncertainty about timing of FOST #10. The most recent estimate is up to 10 years for transfer of property.



Restoration Advisory Board (RAB)

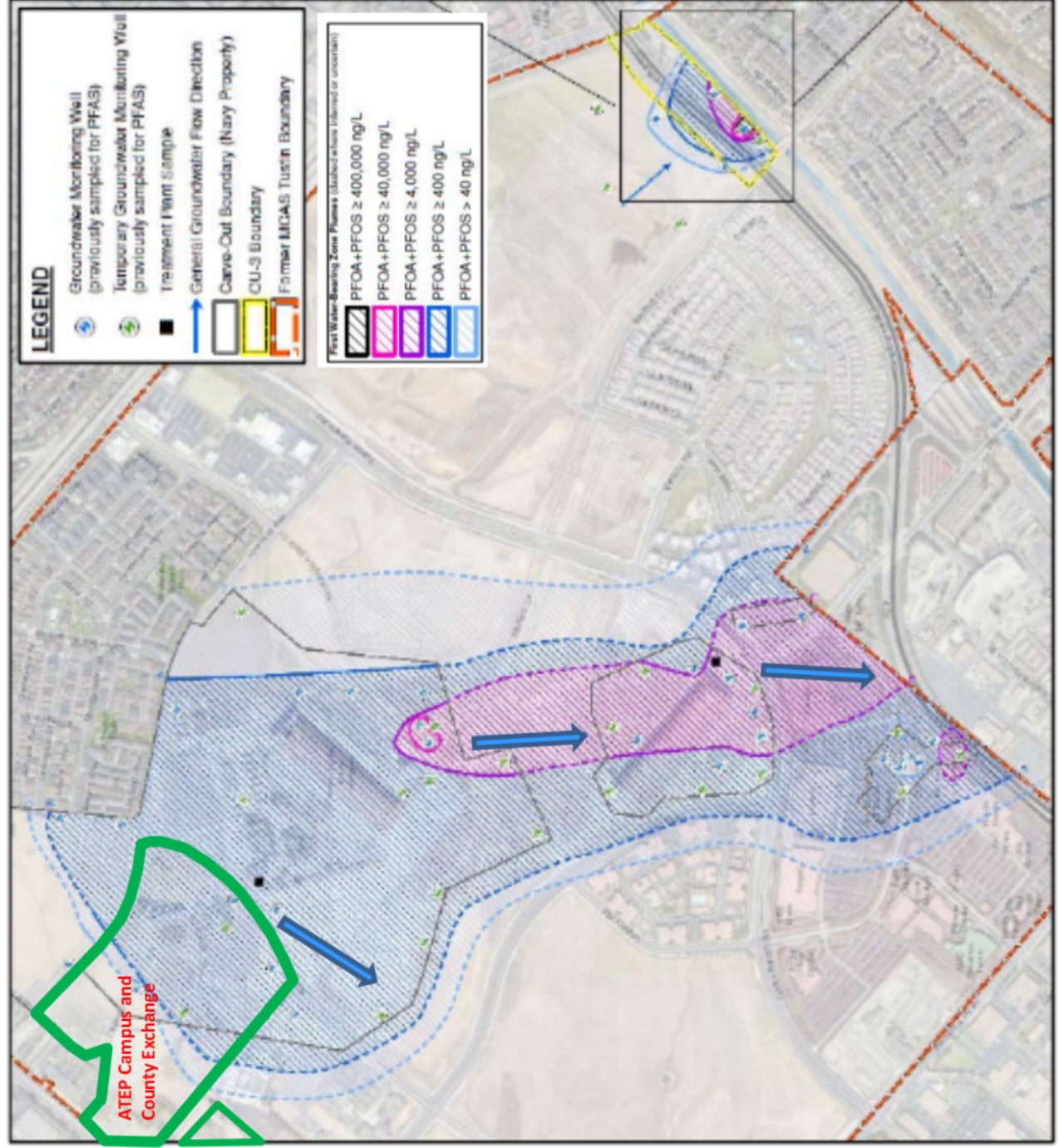
- Chaired by Department of Navy
 - Meetings are open to the public
 - Regular attendees include City of Tustin, SOCCCD, Regional Water Quality Control Board (RWQCB), and Department of Toxic Substances Control (DTSC)
- Meets bi-annually – April/October
- **Testing of groundwater within LIFOC and County Exchange areas shows:**
 - 1,2,3-trichloropropane (1,2,3-TCP) plume with decreasing and/or stable trend
 - Per- and Polyfluoroalkyl Substances (PFAS) impacts are low compared to other parts of Marine Corps Air Station (MCAS) Area
 - Regional screening levels for PFAS in groundwater are yet to be established
 - Navy is currently using Department of Defense screening levels for tap water

RAB

PFAS in First Water-Bearing Zone

Two Open Issues:

- 1, 2, 3 –TCP:** remediation process is steady but slow
- PFAS:** new chemical with unknown safety levels and/or effective remediation techniques





RAB – PFAS Update 10/8/20 Meeting

- Navy is proactively bringing PFAS into the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) Process
 - Federal guidelines
 - EPA has yet to define suitable PFAS standards
- CERCLA = a framework for responding to releases of hazardous substances, pollutants, or contaminants in all media at all installations, as well as, specific requirements for property transfer at the Navy's Base Realignment and Closure (BRAC) installations
 - Must be complete before Finding of Suitability to Transfer (FOST) can be awarded
- **Process could take 5-10 years**



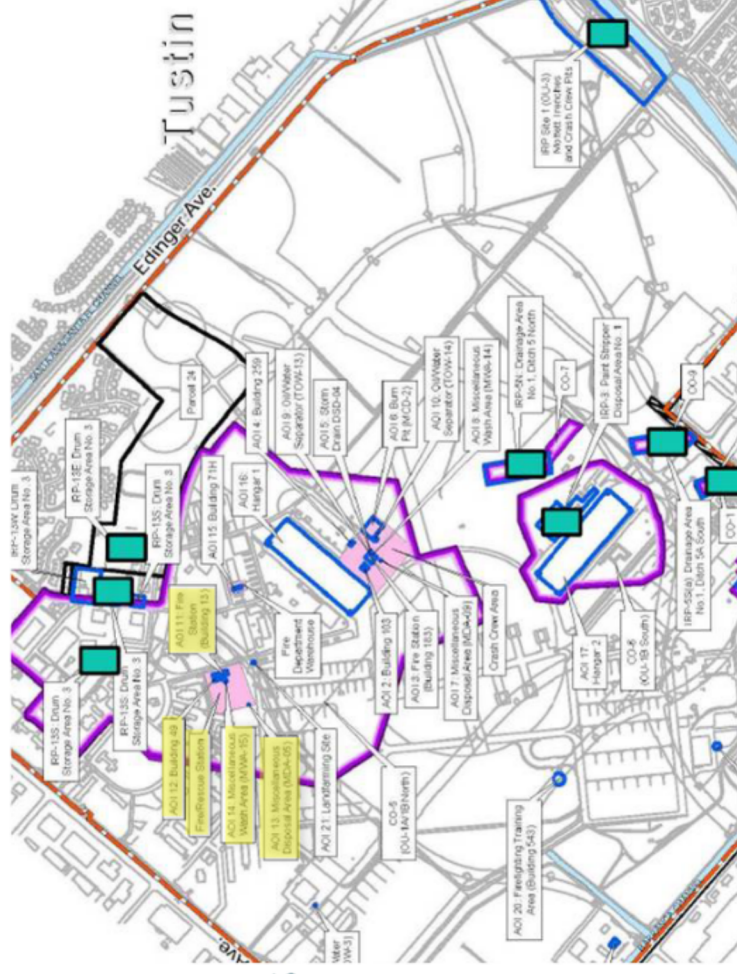
RAB – PFAS Update 10/8/20 Meeting

Upcoming Steps:

1. Preliminary Assessment (Complete by ~November 2020):
 - Identify and screen Areas of Interest (AOIs) where PFAS were stored, handled, discharged, or disposed of
 - 32 Areas of Interest (AOIs) identified in Tustin MCAS Area that may warrant investigation:
 - o 5 are on the County Exchange property
2. Site Inspection (Complete by ~September 2021)
3. Remedial Investigation (Fieldwork ~2022)

Future Possibilities:

- o Soil remediation, including excavation, if PFAS impacts are discovered in soil
- o Expansion of current groundwater remediation system/new remediation approach





Navy Process for Transfer of Land

For a property with known contamination to be transferred via the

Finding of Suitability to Transfer (FOST) process, a determination must be made that either:

- no remedial action is required on the property, or
- all remedial action necessary to protect human health and the environment has been or is being taken.

Thus, a property does not have to be entirely “cleaned up” or remediated for it to be transferred, but can be transferred once a remedy has been installed and is demonstrated to be operating properly and successfully.

- Ramboll

November 12, 2019



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DISCUSSION