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Chula Vista University and Innovation District

2015 Compiled Report

Submitted: January 22, 2016

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I. EXECUTIVE SUMMARY

PROJECT OVERVIEW

The City of Chula Vista, California has engaged U3 Advisors to help establish a University and Innovation District campus on a 375-acre site in the southeast corner of the city. Chula Vista, a growing city located approximately four miles north of the US/Mexico border and the midpoint between the downtowns of San Diego and Tijuana, envisions this campus as an educational destination and regional economic engine. U3 is guiding the effort to identify potential partner institutions for this project and is exploring opportunities with higher education partners globally and domestically.

A new university campus could have a tremendous impact for not only the City of Chula Vista, but also the larger CaliBaja Megaregion, comprised of San Diego and Imperial Counties to the north of the border and the five municipalities that make up Baja California, MX south of the border. Given the unique location of the proposed site – just four miles from the U.S./Mexico border in a rapidly growing binational region – the project has the opportunity to attract regional, national, and binational attention and set the stage for an innovative educational campus to act as the new national model for higher education delivery. In the following report you will find our initial recommendation: the development of a binational campus that brings together a Mexican and a U.S. university or universities. This vision and recruitment scenario, developed based on the research and analytics conducted by the U3 team and subsequently vetted through academics and thought-leaders interviewed, could elevate the project to the national stage for innovation in higher education delivery, binational partnerships, and transformative economic development.

The 2015 Compiled Report articulates and documents the first phase of a multi-phase process to attract an institutional partner and funding source to develop the University and Innovation District. This critical pre-recruitment phase is the basis for future work in the active recruitment process. Ensuing recruitment phases will be lead by Chula Vista University Partnership (CVUP) and U3 Advisors.

PROJECT TEAM

City of Chula Vista	Eric Crockett and Gary Halbert
U3 Advisors	Omar Blaik, Alex Feldman, Maurie Smith, Nabilla Ariffin
U3 Local Representatives	Retired Senator Denise Ducheny, Clarissa Reyes Falcon
National Advisory Team	Eduardo Glandt (Retired Dean of Engineering, University of Pennsylvania), Enrique Norten

In 2015, U3 Advisors expanded the Chula Vista team by retaining the following four individuals to act in an advisory capacity on the project; Denise Ducheny, retired California State Senator, and Clarissa Reyes Falcon of Falcon Consulting, to act as the local representatives for the institutional recruitment process, and Eduardo Glandt, Dean of Engineering, Emeritus, University of Pennsylvania as an academic and institutional sounding board. We also consulted with Mexican-American Architect Enrique Norten who has close ties to Chula Vista as well as high-level Mexican governmental and higher education officials.

RESEARCH AND SCENARIO PLANNING CONCLUSIONS

In 2013, U3 worked with the City of Chula Vista to identify a full range of 17 potential institutional users that could build out the site. After significant research including a scan of universities, research on growing regional industries, and a full demographic profile of the region, U3 revisited the original list of 17 institutional users and identified 6 likely scenarios – a public institution, a private non-profit Institution, a multi-institutional campus, a Mexican institution, a campus for another international university from outside of Mexico, and a newly established institution – for further investigation. These six scenarios were singled out because they ranked highest on the scales of feasibility – comprised of financial viability, operational feasibility, market demand match, and phase-ability – and the number of City-established goals attained through each scenario.

Through this research and various informational interviews, an emerging opportunity for the Chula Vista university site became evident. Our recommendation is to pursue a **BI-NATIONAL CAMPUS that leverages the border as a laboratory to attract students from both the U.S. And Mexico, offers degrees and skills training specific for the bi-national region, and serves as a catalyst for growth and economic development.** The university project would be binational, bicultural, bilingual campus that partners a Mexican institution with an American institution (private and/or public) to leverage the site's proximity to the US/Mexico Border. This new institutional campus holds the potential to 1) strengthen the binational educational relationship between the United States and Mexico, already a binational priority established by Presidents Obama and Nieto through the *100,000 Strong in the Americas Initiative*, 2) further integrate the cross border economic relationships that comprise the CaliBaja Megaregion economy by providing a bicultural workforce trained in STEM-related fields, and 3) respond to the large and growing Hispanic population in Chula Vista (59%) and the larger Southern Californian region.

This conclusion stems from thorough scenario planning research and U3 Advisors' understanding of Chula Vista's location value proposition to potential institutional partners. This idea maximizes the site's unique location and elevates the project by engaging with the robust megaregional economy and the current binational conversation regarding immigration, trade, and innovation. Initial vetting of this idea

through informational interviews was met with enthusiasm from philanthropy and higher education leaders. U3 also recommends establishing a higher education institute, think tank – similar to the Woodrow Wilson International Center for Scholars or the Brookings Institution – or retreat focused on border issues as a first step to realize this vision.

In order to advance this vision, the following next steps are recommended for 2016:

- Establish non-profit CVUP (Chula Vista University Partnership) to begin formal fundraising and recruitment effort of higher education partners.
- Create a land trust to hold university land for development.
- Begin formal recruitment effort with short-listed institutional partners with the goal of establishing a research institute, think-tank or retreat focused on border issues as a first phase of institutional development.

II. RECRUITMENT STRATEGIES

Critical to the success of the University and Innovation District is the development of strategies and an overarching framework to guide this multi-year recruitment process. The following strategies will help to streamline and coordinate the steps needed to recruit the appropriate institutional partners and maximize the value of the development for both Chula Vista and the larger CaliBaja Megaregion.

Each of the below five strategies represents a distinct phase of the recruitment process. The 2015 work completed the research phase and moved to the identify phase of the strategy. Due to the binational focus of the recruitment effort, detailed in the next section of this report, the identify phase will be extended to account for processes required in a binational recruitment effort.

The below five strategic recruitment guidelines represent U3's overall approach to the University Recruitment Task. The full work plan for each phase can be found in Exhibit I.

1. **RESEARCH.** *Conduct extensive research on local, regional, national, and international institutions that acts as the foundation for the strategic recruitment of a university to Chula Vista.*
2. **IDENTIFY.** *Develop a binational short-list of public and private universities to screen for a more targeted outreach campaign.*
3. **RECRUIT.** *Establish the Chula Vista University Partnership (CVUP) along with a CVUP Board of Advisors to spearhead the recruitment and fundraising efforts necessary to attract university partners.*
4. **EVALUATE.** *Rigorously analyze and vet universities based on site visits, institutional interest, and recommendations from the CVUP Board of Advisors.*
5. **ADVISE & ADVANCE.** *Facilitate the partnership between the two university institutions while advancing the fundraising and physical components of campus development.*

III. PRE-RECRUITMENT RESEARCH REPORT

The City of Chula Vista is in the process of recruiting an institutional partner for the development of a University and Innovation District on 375 acres of land in the southeastern corner of the city. The difficulty in attracting an institutional partner is not an issue of interest in the project or the site, but rather, it is in identifying the appropriate partner that will meet the established goals of the city while maximizing the potential of the site to transform and strengthen the city and the larger CaliBaja Megaregion. In adherence with the Recruitment Strategies (see previous section of report), the first step in the multi-phase process is the aggregation of research and data that will help to eliminate and distill the potential institutional partners appropriate for the Chula Vista University and Innovation District.

The Pre-Recruitment Research Report combines the necessary baseline information and analysis to inform Chula Vista's institutional recruitment effort. Research included a scan of national and international universities, research on growing regional industries, and a full demographic profile of the region (see attached Exhibit A). Information gathered for the pre-recruitment research report was incorporated into a scenario planning exercise to evaluate different types of institutions that would value a Chula Vista campus. The conclusions from the scenario planning exercise will inform subsequent phases of the recruitment effort.

In addition to the research and scenario planning exercise, U3 conducted multiple interviews and meetings with local, regional, and national experts on higher education and the CaliBaja Megaregion. These interviews were used to aggregate additional information as well as to solicit feedback on preliminary conclusions from the scenario planning exercise. The below provides an overview of the research and analysis conducted as well as the conclusions from the research, scenario planning exercises, and interviews completed in 2015.

DEMOGRAPHIC AND INDUSTRY RESEARCH:

The foundation of the recruitment effort is extensive research and analytics related to the existing and projected demographic and industrial profiles for the City of Chula Vista and the larger CaliBaja Megaregion. This research will be essential in directing the scenario planning exercise to ensure that the recruitment effort is tailored specifically to local and regional demographic and industry assets. All subsequent stages of the recruitment effort will build off this baseline understanding of the demographic and economic composition of the region detailed below.

Demographic Trends

The following summarizes the most significant takeaways from the demographic analysis of Chula Vista from 2000-2013:

- **Rapidly Growing Population.** From 2000-2013, Chula Vista experienced a 43% increase in population. The vast majority of the growth occurred within the Hispanic population. Now, over half (59%) of Chula Vista residents identified as being Hispanic compared to 49% in 2000. Of these Hispanic residents, 93% identify as being of Mexican origin.
- **Below Average Educational Attainment.** Of Chula Vista residents ages 25 and above, 27% completed a bachelor's degree or higher, which is 7% below San Diego County's average educational attainment and 2% below the U.S. average.
- **Higher Household Income.** In 2013, the median household income in Chula Vista was \$64,801, 18% higher than the national median.

Throughout the analysis, a trend emerged relating to the Hispanic population in Chula Vista. While Hispanic Chula Vista residents performed poorly compared to their peer groups – defined as White Non-Hispanic, Black or African American, Asian, and Other – they fared much better than Hispanics generally in California or the U.S. This is most clearly expressed when looking at the educational attainment and household income.

- **Hispanic Educational Attainment.** Locally and nationally Hispanic adults (ages 25+) tend to have lower average educational attainment than their peer groups. However, Hispanic residents of Chula Vista (average educational attainment of 18%) perform relatively better in comparison to Hispanics in California (11%) and Hispanics in the U.S. (14%).
- **Hispanic Household Income.** Locally, Hispanic households in Chula Vista are relatively less wealthy than their peer groups, earning +\$10,000 less than Chula Vista's median household income. However, Hispanic households in Chula Vista have higher median household incomes (\$52k) in comparison to Hispanic households in California (\$47k) and Hispanic households in the U.S. (\$42k).

To a certain extent, Chula Vista can be considered a microcosm that demonstrates the type of growth and demographic trends we are experiencing across California and the U.S. Nationally, there is a large and growing Hispanic population with lower than average educational attainment and lower household incomes. This trend is also echoed in statewide statistics. Capitalizing on these parallel demographic trends and targeting the university to Hispanic educational needs can have national implications. A university in Chula Vista holds the potential to be an educational laboratory, focusing on the Hispanic population, where lessons learned in outreach, curriculum development, and career planning can be translated to increasing educational attainment in Hispanic populations across the state and the nation.

Industry Trends

The CaliBaja Megaregion's economy features a dynamic partnership between the manufacturing hubs in Baja California and the research and development centers in San Diego and Imperial Counties. A 2014 study named *Jobs Without Borders* issued jointly by the CaliBaja Region Initiative, the Center for U.S.-Mexican Studies at UC San Diego and the Colegio de la Frontera Norte researched the industry-specific employment concentrations in the region. The CaliBaja Megaregion holds a competitive advantage in manufacturing compared to other similar cross-border regions in America. In particular, the *Jobs Without Borders Report* pointed to six leading industries for the region: 1) Audio and Video Manufacturing, 2) Medical Equipment Manufacturing, 3) Hardware Manufacturing, 4) Communications Equipment Manufacturing, 5) Wireless Telecommunications Carriers, and 6) Other Miscellaneous Manufacturing.¹ The concentration of these six leading industries matches the strengths on both sides of the border to create a clustering effect that yields a competitive advantage relative to other North America regions.

To continue to foster these leading industries it is critical to invest in the entire value chain that links the industries in the CaliBaja Megaregion to customers, suppliers, other competitive firms, and finally, to institutions that can provide specific education and support services to train and prepare the labor pool.² Investing in local institutions and knowledge economies will lead to increases in innovation and continue to aid the growth of these critical industries, boosting the entire economy of the region. The CaliBaja Megaregion's competitive advantage in manufacturing indicates a need to invest in education and training that can supply the next generation of workers in the fields of science, technology, engineering, mathematics, and business.

By 2030, demand for highly educated workers (workers with a bachelor's degree or higher) in California is predicted to exceed supply by approximately 1.1 million workers.³ This projection is based on recent economic trends and on forecasts that show a continued increase in the demand for highly educated workers. To remain competitive in the six industries listed above, the CaliBaja Megaregion must continue to invest in education – from early learning through advanced degrees. Opportunities for partnership already exist in the region: the current proposed site for the University and Innovation District is directly adjacent to High Tech High Chula Vista, a premiere charter

¹ Alejandro Bragues, Michael Combs, Marney Cox, Alejandro Díaz Bautista, Daniel Flyte, Noe Aron Fuentes, Christina Luhn, Cheryl Mason, David A. Shirk, and Tim Wright, "Jobs Without Borders: Employment, Industry Concentrations, and Comparative Advantage in the CaliBaja Region," 2014, https://usmex.ucsd.edu/_files/2014_report_jobswithoutborders.pdf

² Michael E Porter, "San Diego: Clusters of Innovation Initiative," *Council on Competitiveness*, May 2001, http://www.compete.org/storage/images/uploads/File/PDF%20Files/CoC_sandiego_cluster.pdf

³ "Will California Run Out of College Graduates?" *Public Policy Institute of California*, Accessed July 2015, http://www.ppic.org/main/publication_quick.asp?i=1166

school focused on integrating the liberal arts with hands on STEM education. If STEM is chosen as the focus of the institution, there is immense opportunity to partner with High Tech High to provide an educational pipeline that guides students from kindergarten through elementary school, high school, and college to well paying jobs in leading industrial sectors. Ensuring the University and Innovation District responds to the industry profile and needs of the region is critical to ensuring the project's success.

INTERVIEWS AND DISCUSSIONS:

In addition to the research and analysis discussed above, U3 conducted more than 60 in-person and phone interviews with higher education thought leaders, local civic leaders, representatives from Mexico, and experts on the binational conversation. These meetings and interviews served to add to the growing list of research and data supporting the scenario planning effort. The meetings and interviews were further used to test the conclusions from the scenario planning and research exercises. Feedback from the interviews was incorporated into the final scenario planning presentation and this pre-recruitment report. A list of the conclusions from the interviews and the research will be detailed later in the Pre-Recruitment Research Report.

Below is a list of the organizations interviews (also see Exhibit E):

EDUCATION

Chula Vista Elementary School District
Columbia University
Drexel University
High Tech High
Monterrey Technology Institute
Point Loma Nazarene University
San Diego Community College District
San Diego State University
Southwestern College
Sweetwater Union High School District
University of California Center for US-Mexico Studies
University of California Community Advisor Board
University of California Riverside
University of California San Diego
University of California San Diego Extension
University of San Diego
University of Texas, El Paso

PUBLIC SECTOR

California State Assembly

INDUSTRY/CIVIC/BINATIONAL EXPERTS

BIOCOM San Diego
Chula Vista Chamber of Commerce
Chula Vista Professional
CSG West
HomeFed Corporation
I.D.E.A. Partners, LLC
Madigan Consulting
Maritime Alliance
North American Research Partnership
Otay Chamber of Commerce
Physical Science Professional
San Diego Economic Development Corporation
San Diego Regional Chamber of Commerce
San Diego Taxpayers Association
Scripps
Smart Border Coalition
South County Economic Development Council
The Border Group
Tijuana Innovadora
Tuteli

California State Senate
Chula Vista City Council
City of Chula Vista
City of Tijuana, Secretary of Education
Former Mexican Ambassador to U.S.
Former Mexican Secretary of Foreign Affairs
Former Secretary of Education in Mexico
Mexican Consulate General in San Diego
San Diego Association of Governments (SANDAG)
San Diego City Council
San Diego County Board of Supervisors
United States House of Representatives

PHILANTHROPY

Border Philanthropy Partnership
San Diego Foundation
The Kresge Foundation
The Rockefeller Foundation

RESEARCH AND SCENARIO PLANNING OVERVIEW:

In 2014, U3 worked with the City of Chula Vista to identify a full range of 17 potential institutional users that could build out the site including a public university, a satellite campus for an established private higher education institution, a multi-institutional campus, and an American campus for an international university. After significant research including a scan of universities, research on growing regional industries, and a full demographic profile of the region, U3 revisited the original list of 17 institutional users and identified six for further investigation. These six scenarios were singled out because they ranked highest on the scales of feasibility – comprised of financial viability, operational feasibility, market demand match, and phase-ability – and the number of City-established goals attained through each scenario. (see attached Exhibits B and C).

The scenario planning exercises explored the vision, opportunities/challenges, funding streams, potential partners, case studies, and prospective paths forward for each scenario. The research and analysis were compiled into a series of presentations given to the City of Chula Vista, our local advisory team including Denise Ducheny and Clarissa Reyes Falcon, and the national U3 advisory team. Each presentation round led to additional edits and further refinement of the scenarios until it was clear that there would be no single frontrunner. Instead a hybrid scenario combining the strengths of the top three scenarios emerged as the best and most viable path forward (see attached Exhibit F for full scenario planning presentation).

Below is a brief synopsis of each of the six scenarios – International Campus, New Institution, Public Institution, Private Non-Profit Institution, Multi-Institutional Campus, and Mexican Institution – along with the conclusions gathered throughout the scenario planning exercise.

1) International Campus

The International University Scenario investigates the idea of attracting an International University from beyond Mexico. The Mexican scenario will be discussed in scenario #6. To fully understand the International University scenario, U3 conducted research on the existence of international universities in the U.S., international-domestic educational partnerships, and completed a scan of international higher education institutions. As a result of the research, U3 determined the most viable international partnership, aside from the Mexican institution scenario, would be a partnership with a Chinese institution. Below is a recap of the research as well as the resulting scenario planning conclusions.

There are varying levels of involvement and interaction between U.S. Institutions and International Institutions; however, there are very few examples of a truly blended binational education partnership in the U.S. The trend is for U.S. institutions to establish a campus in another country (e.g. New York University Abu Dhabi University) or establish centers or institutes that study inter-country relations. Earlier this year, the University of Washington announced the Global Innovation Exchange (GIX) a new collaboration with a Chinese institution, Tsinghua University. Backed by a \$50 million grant from Microsoft, Tsinghua and University of Washington are working to build a new Seattle-area campus that will house a new graduate studies program in technology innovation.

This GIX partnership is responding to the demand in Seattle for individuals trained in technology as well as the growing interest in American degrees from Chinese students. Chinese students make up the largest percentage of foreign students studying abroad in the United States. In the last decade, Chinese student demand for American education has skyrocketed, however, it is hypothesized that we are in a demand bubble, which will decrease in the coming years as China invests in their own domestic educational infrastructure.

The current fragility of the Chinese economy and the uncertainty of the demand from Chinese students are just some of challenges to the international model. There are significant cultural, political, administrative, and legal barriers that must be overcome. Years of preparatory work are required in order to successfully pursue a formal educational partnership and even then there is no guarantee that the new institutional partnership would officially open. The high barriers to entry and associated risk make this scenario unlikely to succeed and therefore not worth pursuing further.

2) New Institution (21st Higher Education Model)

The New Institution Scenario establishes a new University that utilizes the blended education model combining traditional education with best practices from current educational trends, including online, group, and experiential learning. In the last decade, online institutions have taken off, often providing a cheaper and more flexible educational option for traditional and non-traditional students. In addition, many

traditional universities are adapting the blended learning model to meet the student's expectation that a portion of their coursework will occur either online or in a group/experiential setting. There are also a large number of traditional, bricks and mortar universities maintaining a traditional setting while launching a few disciplines (e.g. Nursing School, School of Social Work) fully online. The options for the new institution are endless and can range from a fully online campus to a blended learning model that features a residential campus with a significant online, experiential, or group learning experience.

Additionally, the institution would be able to tailor the educational experience and curriculum in response to current trends in education and the population of Southern California. Starting new would also allow the founders to embed the agility needed to continuously develop to take advantage of educational trends. In essence, the institution would embody the dynamic nature of education and continue to be at the forefront of the evolution of education.

There are significant challenges in starting a new institution including the challenge of establishing a brand for a completely new entity. The branding issue will impact the ability to fundraise, to attract students, and to establish a sustainable business model. Deciding not to pursue a new institution does not preclude the blended learning model being used. The principles of online education, group and experiential learning can be embedded into any of the other scenarios. Therefore, it is recommended that the principles of the blended learning model be incorporated into the chosen scenario, however, the scenario itself is not worth pursuing.

3) Public Institution

The Public Institution Scenario investigated two potential sub scenarios:

- 1) Expansion or establishment of a new University of California (UC) or California State University (CSU) campus, and
- 2) Expansion of an existing Community College to provide a 4-year baccalaureate degree

The pursuit of either public institution will require a larger statewide dialogue to attain the necessary political approvals and unlock state funding sources for campus expansion. Assemblymember Susan Talamantes Eggman has asked the California Legislative Analyst's Office (LAO) to conduct initial analysis on the need for expansion of the CSU Systems and where that expansion should go. The LAO report will be completed on or before January 1st, 2017 until that time funding and interest from the state is still uncertain. However, regardless of the LAO report findings, some type of expansion in public higher education will be required. Current projections from the California Community Colleges Chancellor's Office estimate that demand for undergraduate degrees from the three public systems of higher education – UC, CSU,

or CC – is expected to grow by a total of 387,000 students in 2019.⁴ Meeting the demand for future education and training will be essential not only from an educational standpoint, but for the economic growth and prosperity of the region.

For the Community College sub scenario, the institution would need to prove that the expansion into a 4-year degree program would not directly compete with an existing program in the UC/CSU system, thus creating specific, niche 4-year degree programs. Southwestern College, a community college located in Chula Vista, is currently offering four 4-year degree programs – degrees in Nursing, Criminal Justice, Business, and Child and Adolescent Development – in partnership with Point Loma Nazarene University. There might be room to grow and expand Southwestern’s offerings; however, the expansion might not be sufficient to satisfy the City’s aspirations of significantly expanding educational provision and building out a 375-acre campus.

The expansion of an existing UC/CSU campus or the establishment of a new UC/CSU campus holds mixed opportunities and challenges directly related to their potential to fund an expansion and the timeline of any expansion. There is significant political support for a new public university, UC or CSU, south of I-8 that might provide the necessary political backing to secure administrative and financial approval from the state. The Public Institution Scenario warrants more investigation as additional information is provided by the state’s LAO report and should be pursued in the targeted institutional outreach phase.

4) Private Non-Profit U.S. Institution

The Private non-profit U.S. Institution Scenario would attract an existing private institution to establish a satellite campus in Chula Vista. Private institutions are typically more agile, independent and streamlined than their public counterparts making them a relatively more viable partner for quick implementation and development. There are a wide range of private institutional entities ranging in size, name recognition, financial capacity, and innovative leadership that would largely determine whether or not they would be successful establishing a satellite campus in Chula Vista.

The challenges for this scenario are perhaps best highlighted in the Drexel University/ University Development Foundation Case Study. University Development Foundation (UDF), formerly the University Development Trust, is a non-profit foundation established in the early 2000’s to attract a new university to the Sacramento region. UDF first recruited Drexel University, a private non-profit research university based in

⁴ “Key Facts About California Community Colleges” *California Community Colleges Chancellor’s Office*, Accessed August 2015, <http://www.californiacommunitycolleges.cccco.edu/PolicyInAction/KeyFacts.aspx>

Philadelphia, to develop a satellite campus on a 1200-acre parcel of land in the city of Sacramento.

Drexel failed to gain traction in Sacramento for many reasons including:

- 1) Lack of name and brand recognition on the West Coast,
- 2) Perceived competition instead of partnership with existing public institutions in Sacramento,
- 3) Higher tuition costs relative to other California peer institutions

After six years of operations, Drexel decided to close their campus in 2015 due to low projected enrollment. (Exhibit D)

UDF is now pursuing a new relationship with Warwick University, a public research university based out of Coventry, England. Learning from Drexel's previous mistakes, University of Warwick in California will feature strong partnerships and credit exchange programs with local public institutions and a robust marketing campaign to boost brand recognition. Information regarding tuition costs has not yet been made public, but will likely be competitive with comparable California institutions. The first graduate courses will be offered in 2017 and is projected to accommodate up to 6,000 students by 2031.

There is significant opportunity to attract a private institution to Chula Vista especially if brand recognition, collaboration with existing institutional partners, and tuition costs are addressed up front and proactively in the planning and recruitment processes. Brand recognition and tuition costs are two of the five metrics used to identify and evaluate institutions for the institutional recruitment shortlist described in the Short List of University Targets Report. The Private Institution Scenario warrants more investigation and should be pursued in the targeted institutional outreach phase.

5) Multi-institutional Campus

The Multi-Institutional Campus Scenario explored a partnership between at least two institutions to develop the campus. The educational partnership can be organized around either 1) a specific industry or issue – border issues, robotics, U.S./Mexico relations, pharmaceutical manufacturing, etc. – with each institution highly specialized and concentrated on the focus area or 2) the idea of general educational provision with each institution offering complementary coursework for liberal arts degrees.

During U3's preliminary evaluation of the 17 potential institutional users, the multi-institutional model scored highest on the feasibility and City goal attainment scales. Likewise, the multi-institutional campus performed well in the scenario planning exercises. The principal advantage of a multi-institutional campus is that it spreads institutional risk, both from a reputational and financial standpoint, among the various institutions. Further, the multi-institutional approach adds gravitas to the project

because more than one institution is throwing their brand and confidence behind the project.

The pursuit of an industry- or issue-specific campus would add strength and clarity to the campus. Tailoring the ambition of the partnership will help attract institutions, industry partners, and prospective students. Whether industry and/or issue-specific, the multi-institutional campus must respond to the existing culture and context of Chula Vista addressing the bicultural, bilingual, binational essence of the place that is embedded throughout the region.

The challenge for this scenario lies in assembling the multi-institutional campus partnership. With more than two partners, the coordination efforts needed to build the partnership and framework for collaboration are significantly higher relative to attracting a single institution. There is also a question of the sequencing of attracting the tenants. Depending on the type of the institution there might be a benefit in attracting the public before the private institution or the domestic before the international institution. The strategy around sequencing and approach for the multi-institutional partnership would need to be led by the Chula Vista University Partnership (CVUP) in coordination with the City. The multi-institutional campus will require significant collective branding and extensive coordination of the institutional partners; however, with strong leadership and vision the multi-institutional campus is worth advancing to the next round of consideration.

6) Mexican Institution

The Mexican Institution Scenario would establish a satellite campus for an existing Mexican University. As part of the scenario planning effort, significant research was conducted on the state of the Mexican higher education system and any established U.S./Mexican educational partnerships. Below is a recap of the research as well as the resulting scenario planning conclusions.

Over the last 30 yrs., the Mexican educational landscape has changed dramatically with university enrollment tripling to a total of 3 million students.⁵ In response to this increase in demand, a large number of private institutions rapidly opened across the country. Many of these new private institutions are unaccredited and offer a small range of highly specialized degrees that have resulted in an over-abundance of graduates in a limited number of fields, which in turn led to rising graduate unemployment rates.⁶ The attraction of a Mexican University needs to address these

⁵ William Booth, "Mexico is now a top producer of engineers, but where are jobs?," *The Washington Post*, last modified October 28th, 2012, https://www.washingtonpost.com/world/the_americas/mexico-is-now-a-top-producer-of-engineers-but-where-are-jobs/2012/10/28/902db93a-1e47-11e2-8817-41b9a7aaabc7_story.html.

⁶ Nick Clark, "Education in Mexico," *World Education News & Reviews*, last modified May 1st, 2013, <http://wenr.wes.org/2013/05/wenr-may-2013-an-overview-of-education-in-mexico/>

issues head on in order to complement existing educational provision in Mexico as opposed to adding to the oversaturation of these fields. It would also have to address the cost of higher education – which is significantly more affordable in Mexico.

Over the last decade, American and Mexican institutions have partnered to set up study abroad programs, credit exchange programs, and joint centers for Mexican-American studies. These smaller initiatives are intended to increase interaction between the two countries. In 2014, President Obama elevated the conversation by launching the *100,000 Strong in the Americas Initiative* to increase the number of U.S. students studying in Latin America to 100,000 and the number of Latin American students studying in the U.S. to 100,000. To add perspective to the ambitious nature of this initiative currently there are approximately 14,779 Mexican students studying abroad in the U.S. and only 3,730 U.S. students studying in Mexico.⁷

The Mexican University Scenario would further the goals of the *100,000 Strong in the Americas Initiative* and would likely garner binational political support from President Obama and President Nieto, both of whom are invested in strengthening the educational relationship between the two countries. Launching a Mexican University satellite campus in isolation of another partner would present enormous challenges given the difficulties in branding and the significant cultural, administrative, accreditation and legal barriers to setting up the campus. Successfully pursuing this scenario would require the involvement of an American institution either for institutional support or as a fully established partner. Combining this scenario with the idea of the multi-institutional campus scenario is the most viable option.

CONCLUSION: VISION – BINATIONAL CAMPUS

Through this research and our discussions, an emerging vision for the proposed university site in Chula Vista became clear. Our recommendation is to pursue a binational campus that partners a Mexican institution with an American institution (private or public) to leverage the site's proximity to the US/Mexico Border. This conclusion stems from deep scenario planning research and U3 Advisors' understanding of Chula Vista's location value proposition. This idea maximizes the site's unique location and elevates the project by engaging with the robust mega-regional economy and the current binational conversation. A vision statement for the binational campus is below:

Vision: A BINATIONAL CAMPUS that leverages the border as a laboratory to attract students from both the U.S. And Mexico, offers degrees and skills training specific to the binational region, and serves as a catalyst for growth and economic development.

⁷ "Open Doors: Report on International Educational Exchange," *Institute of International Education*, <http://www.iie.org/Research-and-Publications/Open-Doors/Data/Fact-Sheets-by-Country/2015>

Initial vetting of this idea through informational interviews was met with great interest from philanthropic and higher education leaders. Key takeaways and conclusions compiled from the interviews are below:

- The binational campus vision is bold and would elevate the project to attract national and international attention from higher education and philanthropic partners.
- A strong U.S. higher education partner will be needed first in order to attract a high-caliber Mexican higher education institution.
- For both public institution and private institution involvement, the State of California and the Federal Government will need to play a role given the binational focus.
- There are significant challenges in attracting Mexican students to the United States including immigration, border crossing infrastructure, and cost of higher education. These issues would need to be addressed to ensure a successful binational campus.
- Building a university from the ground up will require significant capital and resources. Establishing a higher education institute, think tank – similar to the Woodrow Wilson International Center for Scholars or the Brookings Institution – or retreat focused on border issues as a first step to realize this vision.
- Connecting the university to growing regional industries in Science, Technology, Engineering, and Mathematics in the CaliBaja Megaregion will be critical to the region's growth and stability.

In order to advance this vision, the following next steps are recommended for 2016:

- Establish non-profit CVUP (Chula Vista University Partnership) to begin formal fundraising and recruitment effort of higher education partners.
- Establish an advisory board comprised of civic, higher education, industry and philanthropic partners to advise CVUP on the creation of a formal board.
- Create a land trust to hold university land for development.
- Begin formal recruitment effort with short-listed institutional partners with the goal of establishing a research institute, think-tank or retreat focused on border issues as a first phase of institutional development.

IV. SHORT LIST OF UNIVERSITY TARGETS

A higher education institutional partner list was developed in conjunction with the scenario planning exercise. The list features 47 domestic institutional partners that span private and public universities both in and out of state. The search was largely limited to domestic institutions based on interviews with experts in the fields of higher education and border studies that suggested that in order to pursue a binational university, an established higher education partner or partners from the United States would need to be identified first.

An evaluation system narrowed the list of 47 domestic institutions down to the top 20 institutions. The evaluation system was based on the following criteria: brand recognition, financial endowment, tuition cost, strong Mexican relationship, and diversity. Each category is score from a scale of 1 to 5 with 5 as the most beneficial for the project and 1 being the least beneficial. For a full review of the institutional evaluation matrix please refer to Exhibit G.

EVALUATION CRITERIA

I. Brand Recognition

Brand recognition is a critical factor in attracting funding, faculty, and students to the new institution. To gauge institutions' brand recognition we utilized the US News Ranking and World Report Ranking⁸ to create the below evaluation scale:

- 5 – Globally recognized institution
- 4 – Highly regarded institution in the U.S.
- 3 – Highly recognized institution in California
- 2 – Regional institutions in other parts of the U.S.
- 1 – Unknown institution

II. Financial Endowment (per Student)

Financial Endowment is an indicator that evaluates each institution's financial capacity to pursue and help fund a new campus. Based on 2014 National Association of College and University Business NACUBO Common Fund Study of Endowments⁹, we measured this criterion by dividing the financial

⁸ US News and World Ranking <http://colleges.usnews.rankingsandreviews.com/best-colleges>

⁹ NACUBO http://www.nacubo.org/Research/NACUBO-Commonfund_Study_of_Endowments.html

endowment received by the total student body size – undergraduate, graduate and professional students (2014).

- 5 – Endowment of \$472,000 and above
- 4 – Endowment of \$148,000 to \$472,000
- 3 - Endowment of \$58,000 to \$148,000
- 2 - Endowment of \$11,000 to \$58,000
- 1 - Endowment of \$11,000 and below

III. Tuition Cost (per Year)

Providing education opportunities that are accessible is one of the nine goals established by the city for this project. We assessed each institution's tuition fee (2015-2016) based on out of state tuition costs and developed the ranking system as below:

- 5 – Tuition cost less than \$40,000
- 4 – Tuition cost ranging from \$40,000 to \$43,000
- 3 – Tuition cost ranging from \$43,000 to \$45,000
- 2 – Tuition cost ranging from \$45,000 to \$48,000
- 1 – Tuition cost ranging from \$48,000 and above

IV. Mexican Connection

To further the goal of a binational institution, we evaluated each institution's existing academic interests in Mexico. Each institution was evaluated based on their active programmatic connections to Mexico. The evaluation system is detailed below:

- 5 - Institution with active relationship with Mexico (Research Center, offering joint degree programs, participating in 100,000 Strong In Americas)
- 4 - Institution with specific Mexico Study Center/Program
- 3 - Institution with Latin American Department
- 2 - Institution with programmatic interest as demonstrated through publications and articles, however, no established department or center
- 1 - No information

V. Diversity Indicators

For diversity we referred to U.S News Diversity Index.¹⁰ The Diversity Index calculates the total proportion of minority students with the respect to the overall student body and measures the probability that students at the university will encounter undergraduates from a racial or ethnic group different from their own.

The Diversity Index ranges from 0 to 1, where the closer the institution is to 1, the more diverse the student population. We collected the data for the diversity index and then split the records into quintiles described below. Please note that diversity information Columbia University, CUNY – Lehman College, and Southwestern College, was not made available and therefore was supplemented with the ethnicity and diversity index from College Factual.

- 5 – Very Diverse (Index: .66+)
- 4 – Diverse (Index: .61-.65)
- 3 – Moderately Diverse (Index: .55-.60)
- 2 – Slightly Diverse (Index: .49-.54)
- 1 – Not very diverse (Index: .25-.48)

The full list of institutions we assessed is presented below:

PRIVATE OUT-OF-STATE

American University
Baylor University
Boston College
Boston University
Carnegie Mellon
Case Western Reserve
Columbia University
Drexel University
Duke University
Emory University
George Washington University
Georgetown University
Harvard University
Johns Hopkins University
Lehigh University
Massachusetts Institute of Technology

PRIVATE IN-STATE

California Institute of Technology
Point Loma Nazarene University
Pomona College
Santa Clara University
Stanford University
University of San Diego
University of Southern California

PUBLIC IN-STATE

California State University, Northridge
California Polytechnic State University
San Diego State University
Southwestern College
University of California Riverside
University of California San Diego

¹⁰ US, News Diversity Index <http://www.usnews.com/education/best-colleges/articles/campus-ethnic-diversity-methodology>

Northeastern University
 Northwestern University
 New York University
 Rice University
 Syracuse University
 Tufts University
 University of Chicago
 University of Notre Dame
 Vanderbilt University
 Wake Forest University
 Washington University in St. Louis

PUBLIC OUT-OF-STATE

Arizona State University
 Colorado State University
 City University of New York - Lehman College
 New Mexico State University
 Purdue University
 University of Illinois – Urbana
 West Virginia University

Based on the evaluation criteria a potential list of institutions were identified for further investigation.

INSTITUTION	Brand Recognition	Endowment (Per Student)	Tuition	Mexican Connection	Diversity Indicator	Total Score
RICE	5	5	4	5	5	24
STANFORD UNIVERSITY	5	5	3	5	5	23
CALIFORNIA INSTITUTE OF TECHNOLOGY	5	5	4	5	4	23
HARVARD	5	5	2	5	5	22
MIT	5	5	2	5	5	22
UNIVERSITY OF CALIFORNIA SAN DIEGO	5	2	5	5	4	21
UNIVERSITY OF SOUTHERN CALIFORNIA	5	3	2	5	5	20
SAN DIEGO STATE UNIVERSITY	4	1	5	5	5	20
DUKE UNIVERSITY	5	5	2	4	4	20
UNIVERSITY OF CALIFORNIA RIVERSIDE	4	1	5	5	5	20
COLUMBIA UNIVERSITY*	5	4	1	4	5	19
NYU	5	3	2	5	4	19
UNIVERSITY OF CHICAGO	5	5	1	5	3	19
CARNEGIE MELLON	5	3	1	5	4	18
ARIZONA STATE UNIVERSITY	4	1	5	5	3	18
UNIVERSITY OF SAN DIEGO	4	2	4	5	3	18

PURDUE UNIVERSITY	4	3	5	5	1	18
CASE WESTERN RESERVE	4	4	4	3	3	18
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE	3	1	5	3	5	17
JOHNS HOPKINS UNIVERSITY	5	4	1	3	4	17
NORTHWESTERN	4	5	1	3	4	17
POMONA COLLEGE	4	5	3	1	4	17
UNIVERSITY OF ILLINOIS - URBANA	2	2	5	5	3	17

Formal conversations with the short-listed schools will begin in the next phase of work.

MEXICAN INSTITUTIONS

As described above, the U3 team was urged by experts in higher education and U.S./Mexico relations to work on identifying the American partner(s) in advance of the Mexican partner. This approach will help in establishing brand recognition and establish a marketing platform to attract the Mexican institution. Nonetheless, we have begun to identify the top national and regional Mexican institutions and will continue to vet the list with the City and our educational contacts in Mexico as we progress. The Mexican Higher Education Institutions currently identified are:

National:

Universidad Nacional Autónoma de México (UNAM)
 Instituto Tecnológico de Monterrey
 Universidad de las Américas Puebla
 Instituto Tecnológico Autónomo de México (ITAM)
 Universidad Iberoamericana
 Universidad Autónoma de Guadalajara

Regional:

Centro de Enseñanza Técnica y Superior (CETYS)
 Universidad Autónoma de Baja California (UABC)
 El Colegio de la Frontera Norte (COLEF)

V. MARKETING PACKAGE

A vision presentation for the Binational University is prepared and attached as Exhibit H. The presentation is intended for use when in front of potential institutions or funders to present the idea of the Binational University. The presentation highlights the binational, bicultural, and bilingual aspects of the university. Starting at a macro level the presentation emphasizes the sizable economy, infrastructure, and environmental connections between the United States and Mexico before detailing the regional and local demographics that support the introduction of a new university.

The presentation culminates with a four-part conclusion answering why this university is needed in Chula Vista now:

1. Pathways: The World's First Binational University

Opportunity to create a new model of 21st century higher education delivery leveraging the U.S / Mexico Border and providing opportunities for:

- Binational, bicultural, bilingual education
- Blended Learning with technology
- Cooperative Education with local business partners
- Affordability in higher education

2. Policy: Shaping a New Border Narrative

Opportunity to have a high profile impact on the national and international policy narrative around:

- Re-thinking immigration policy
- Focusing on binational environmental policy
- Forging new trade opportunities between the U.S. and Mexico
- Focusing on border security and transit
- Creating a new binational knowledge economy

3. People: Integrating People Across Borders

- Leveraging the rapidly growing CaliBaja Megaregion
- Meeting unmet demand for higher education in both California and Mexico
- Serving the rapidly increasing Mexican born population in the United States and growing middle class in Mexico

4. Place: Leveraging Location to Enrich Content

- 375 acres of land entitled for institutional development
- Site located 4 miles from the U.S. / Mexico border halfway between Tijuana and downtown San Diego

- Leveraging border location for research, teaching, and experiential learning
- Opportunity to create an economic engine that can directly connect to the vibrant border economy

Additional marketing material is being solicited from a graphic designer. The material will include a pamphlet and a short vision book for distribution. The material will be generated based off the content already included in the vision presentation.

VI. CVUP BUDGET, BOARD AND TIMELINE

The Chula Vista University Partnership (CVUP) will be the entity tasked with coordinating the recruitment, fundraising, and development efforts for the binational university. CVUP will be incorporated in 2016 starting with one full-time employee and growing in staff as needed to support this enormous undertaking. The 2015-2016 timeline to form and fund CVUP is outlined below. Additional information regarding the budget, scope of work, phasing and staffing can be found in Exhibit I.

1. PHASE 1: RESEARCH & IDENTIFY (Completed in 2015)

- Hire Local CVUP Representative
- Develop 3-year Budget for CVUP
- Develop Recruitment Strategies for City Council Approval
- Research and Compile a Pre-Recruitment Research Report with Short-List of University Targets
- Develop Marketing Package
- Research and Compile Funding Opportunity Report and Recommendations
- Identify CVUP Board Candidates

2. PHASE 2: RECRUIT (To be completed in 2016)

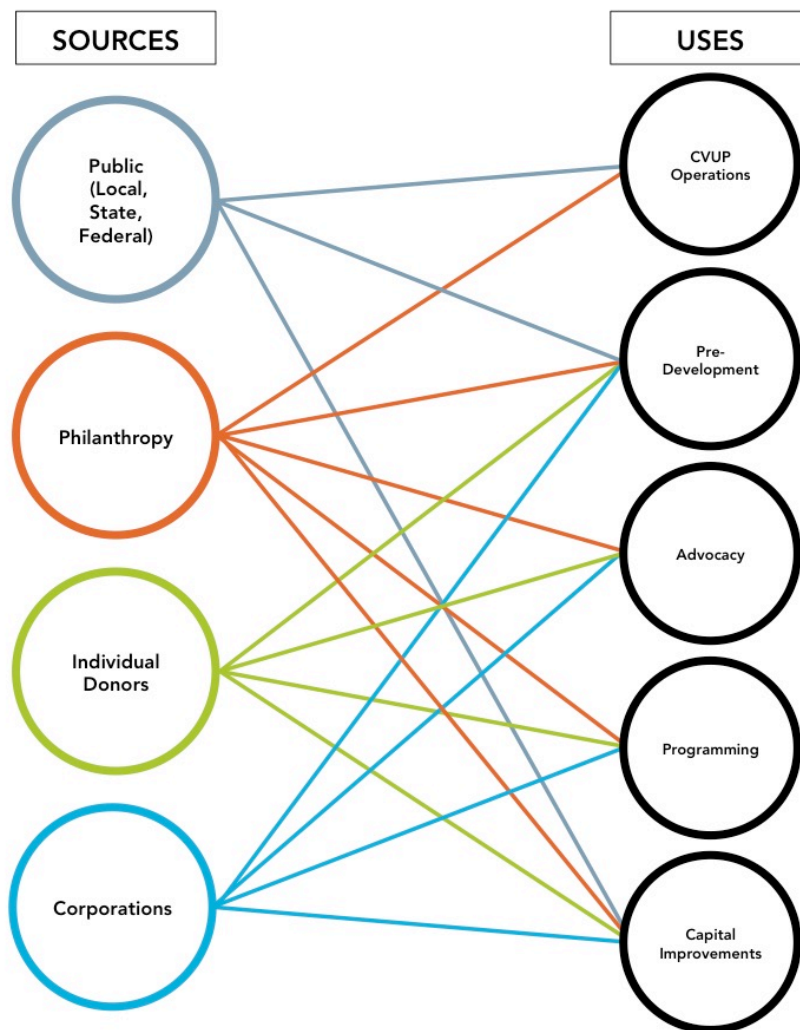
- Incorporate CVUP Non-Profit Entity
- Create University Land Trust
- Form CVUP Advisory Board
- Identify and Form CVUP Board
- Visit and Vet Short-Listed Institutions
- Fundraise for CVUP
- Release an RFEI or RFP for Institutional Partners
- Organize a Higher Education Conference in Chula Vista Pre-RFEI/RFP
- Launch Evaluate Phase 3 to select partner institutions and begin MOU process

As outlined above, a key first step to establishing CVUP is the formation of a board of directors, which will occur in two phases. The first phase will establish an advisory committee to guide and inform the second phase, the formal board formation, expected by the end of 2016. U3 is currently drafting a prospective board member list for presentation to the City of Chula Vista.

VII. FUNDING OPPORTUNITY

Funding needs for the project can broadly be broken into two different uses: 1) Pre-development operations associated with CVUP and the recruitment process and 2) Capital funds to build the resulting institutional campus. The pre-development operations funding is broadly budgeted in Exhibit I, which details the funding of CVUP through the five-stage recruitment effort. Funding of the capital investment will take a much larger and more significant fundraising effort with design and construction costs likely running in the hundreds of millions.

These uses can be offset through fundraising efforts from private funders (philanthropy), individual donors, corporate sponsorships, and public funding. The pre-development operations will likely be funded directly through philanthropy whereas future uses such as capital investments will be sourced from individual donors, corporations, and the public sector. Below is an infographic that matches projected uses with the appropriate sources of funding.



PHILANTHROPIC FUNDING

Philanthropic funding can support virtually every stage of the university recruitment and campus build out process. Philanthropic funding is especially critical in these first investigatory phases of work. As part of the funding opportunity report, U3 investigated 15 different philanthropies to evaluate whether they would be likely to fund the recruitment of a university to Chula Vista. Likelihood of funding was based on the philanthropy's history, mission, geographic scope, and funding interests. A breakdown of the philanthropic entities can be found in Exhibit J. In addition to the research, U3 met with a number of philanthropies to gauge interest in funding this project. Support and interest in the project was overwhelming and worth pursuing in 2016 to support the forthcoming non-budgeted tasks.

INDIVIDUAL DONORS

U3 met with a number of individual donors from the United States and Mexico. A targeted approach and funding ask is most effective with this funding source. Individuals showed interest in the project, however, wanted the project to be more developed before contributing their own resources. These individual donors will be updated throughout this process and approached for funding support once CVUP or associated institute is established. Many of these individual donors have also offered their support by extending their own contact network to set up meetings with political officials, content experts, and additional funding.

CORPORATE SPONSORS

Corporate sponsorship is best suited once the programmatic content is established and institutional partners are identified. Without this information it is difficult to target which industries to approach and what the direct ask would be. U3 met with the San Diego Regional Chamber to help identify business and industry leaders that might be interested in the idea of the binational university. Once a more detailed understanding of the programming is established a number of investigatory interviews will be set up to pursue this funding source further.

PUBLIC FUNDING

Public funding for the project can be broken into three subcategories: Local, State, and Federal funding.

- Local funding for the project is already being sourced via the City's budget. Budgetary funds are currently supporting the pre-recruitment effort and are projected to seed the operating budget of CVUP moving forward.
- State funding for the project largely depends on what institution will be recruited to act as the American partner in the binational university. If a public in-state school is successful recruited as the American partner, then state funding may be available for capital and programming costs associated with the institution's development. If a private or out of state school is recruited as the American partner then, the state funding would be made available through

different economic development policies and programs. Right now, it is too early in the process to determine public funding sources appropriate for the project. More clarity regarding public funding will be afforded once the Legislative Analyst's Office (LAO) releases their report regarding the need for a new State funded higher education campus in 2016.

- Federal funding for the project can be provided through a number of departments including the Department of Housing and Urban Development, Department of Health and Human Services, and the Department of Education. These funding sources will be accessed through connections to each department and identification of funding applications. U3 has met with a number of officials interested in elevating the project to the federal level to receive national attention and funding. More information will be forthcoming as the informational interviews continue to identify potential connections to federal funding sources in Phase II.

LEVERAGING ASSETS

The site itself can also be leveraged to help fund the project. The existing 375-acre site may be larger than needed to build out a successful University and Innovation District. A portion of the site could be sold or leased to development partners to construct ancillary uses that complement the campus. The ancillary development can be housing, commercial development, etc. consistent with the SPA planning effort. The sale or lease of these development parcels could provide additional funding for the project and expedite the build out of a vibrant, urban, environment in parallel to the development of the binational university campus. This model is currently being used to fund the proposed Warwick University in Sacramento.

VIII. RECOMMENDATIONS AND NEXT STEPS

In this report, U3 Advisors has outlined a vision for a binational higher education campus in Chula Vista:

Vision: *A BINATIONAL CAMPUS that leverages the border as a laboratory to attract students from both the U.S. And Mexico, offers degrees and skills training specific to the binational region, and serves as a catalyst for growth and economic development.*

This vision has the potential to be transformative for the city and region while attracting attention from national and international partners. U3 Advisors **recommends that establishing a research institute, think-tank or retreat focused on border issues** should be the first phase of institutional development.

U3 has also outlined a multi-phase process to recruit higher education partners through a non-profit entity (CVUP), land-trust (outlined in greater detail in Exhibit I):

- **Phase 1: RESEARCH AND IDENTIFY (completed).** *Conduct extensive research on local, regional, national, and international institutions that acts as the foundation for the strategic recruitment of a university to Chula Vista. Develop a binational short-list of public and private universities to screen for a more targeted outreach campaign.*
- **Phase 2: RECRUIT.** *Establish the Chula Vista University Partnership (CVUP) and Land Trust along with a CVUP Board of Advisors to spearhead the recruitment and fundraising efforts necessary to attract university partners.*
- **Phase 3: EVALUATE.** *Rigorously analyze and vet universities based on site visits, institutional interest, and recommendations from the CVUP Board of Advisors.*
- **Phase 4: ADVISE & ADVANCE.** *Facilitate the partnership between the two university institutions while advancing the fundraising and physical components of campus development.*

The vision outlined in this report will require a multi-year process and dedicated funding from a variety of sources to ensure success. It will also need significant political support at the local, state and federal levels. Beyond the challenges associated with advancing a new university campus, a completed Binational University campus has the potential to become a long-term economic driver for the City and act as a catalyst for the entire CaliBaja Megaregion's future growth and development.