

ECONOMIC DEVELOPMENT DEPARTMENT
CITY OF SACRAMENTO

April 1, 2005

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE

LOCATION AND DISTRICT: All Districts

RECOMMENDATION:

Staff recommends that City Council adopt the attached resolution authorizing the City's contribution of parking and conference facilities to the California Institute for Regenerative Medicine should it choose to locate its headquarters offices in the city of Sacramento pursuant to a joint proposal submitted to the Institute by the City and the Angelo K. Tsakopoulos Family.

CONTACT PERSONS: Tom Zeidner, Sr. Economic Development Proj. Mgr., 808-1931
Wendy Saunders Economic Development Director, 808-8196

FOR COUNCIL MEETING OF: April 14, 2005

SUMMARY:

This report describes recent efforts by the City and the Angelo K. Tsakopoulos Family to attract the headquarters office of the new California Institute for Regenerative Medicine to office space in the Tsakopoulos-owned building at One Capitol Mall.

COMMITTEE/COMMISSION ACTION: None

BACKGROUND:

The California Institute for Regenerative Medicine (CIRM) was created through the passage of Proposition 71, known as the "Stem Cell Initiative". Approval of the legislation authorized \$3 billion in state bond funds to be directed towards scientific research, through the CIRM. The new Institute's headquarters is currently housed in Emeryville on an interim basis.

Building on Our History ~ Creating The Place to Be

A 29-member Independent Citizen's Oversight Committee (ICOC) governs CIRM. Within the ICOC, a Site Search Committee has been formed to select CIRM's permanent headquarters location. The Search Committee, which held a public meeting on January 25, 2005, had previously published draft criteria, which limited its consideration to sites in the Los Angeles, San Diego and San Francisco Bay areas. Anxious to offer the Search Committee rationale for also considering Sacramento, staff approached Mr. Angelo K. Tsakopoulos concerning the availability of office space within the City on favorable terms. The Tsakopoulos Family responded by offering more than 17,000 square feet of Class-A office space in its One Capitol Mall building. This space was offered to CIRM, rent-free, for ten years. With this generous offer in hand, staff testified at the January 25th Site Search Committee meeting to convey that Sacramento was in a position to present a very attractive offer and thus the Committee would be well-served to consider our proposal. The Committee agreed, and CIRM's headquarters search is now considering proposals statewide.

The site search process is being conducted by way of a formal request for proposals (RFP) administered by the State Department of General Services (DGS). The RFP was released on February 28th with a due date of March 16th. It requested proposals be submitted jointly by governmental entities in conjunction with building owners. The RFP thus specified selection criteria to be applied to governmental entities and/or building owners. These criteria were in the form of "minimum requirements" (site proposals must satisfy these in order to be considered) and "preferences" on which proposals would be ranked. Minimum requirements applicable to the City as a joint applicant included the presence of an international airport within 45 minutes travel time and well-placed public transportation relative to the building site. The City's preference criteria included: 1) the presence of a significant labor pool of biomedical research professionals within 45 minutes of the site; 2) an international airport situated less than 45 minutes away; 3) no/low cost conference and hotel facilities nearby; and 4) quick and ready access to State agencies located within Sacramento.

Minimum requirements related to the building owner within a joint proposal primarily concerned the provision of approximately 17,000 square feet of office space that could be configured to the CIRM's specifications and a minimum of 40 assigned parking spaces. Preference items included: 1) high-speed internet access via fiber optics; 2) free rent; 3) no-cost or discounted tenant improvements; 4) additional parking; and 5) free or discounted office furniture.

Following release of the RFP at the end of February, City staff and Tsakopoulos Family representatives convened a team of relevant individuals to assist in completing the joint proposal. This task force included representatives of the University of California at Davis, Sacramento Area Regional Technology Alliance; Sacramento Area Commerce and Trade Organization; CB Richard Ellis; and the public relations firm of Crocker/Flanagan. In preparing the proposal, special attention was given to the selection criteria outlined above,

and how the Sacramento proposal could be positioned to fare well in the CIRM evaluation process.

Towards that end, the Tsakopoulos Family increased its already generous offer of free rent to also include a gift of \$800,000 to CIRM for the purpose of constructing required tenant improvements. The combined value of the Tsakopoulos donations is conservatively estimated in excess of \$5.3 million. City staff similarly proposed to provide the CIRM staff with the minimum required 40 parking spaces, free of charge, within the City-owned Tower Bridge parking garage on Front Street, adjacent to the One Capitol Mall Building. So as to position the Sacramento proposal to score well relative to the preference for no- or low-cost conference facilities, staff also proposed to provide the CIRM with free use of meeting facilities at the Convention Center, Memorial Auditorium or within City Hall. Finally, staff was able negotiate substantial discounts for rooms at the Sheraton Grand Hotel, and for the purchase of office furniture and equipment. These terms were incorporated into a joint City-Tsakopolous Family proposal to locate the CIRM headquarters at One Capitol Mall, submitted to the DGS on March 16, 2005. The attached resolution authorizes the City's contribution of parking and conference facilities to the CIRM in the event it ultimately selects the Sacramento proposal.

Media reports have indicated that in addition to the Sacramento proposal, the DGS received proposals related to sites located within the cities of San Diego, Los Angeles, San Jose, San Francisco, Emeryville and a consortium of cities on the Bay Area Peninsula.

The RFP indicates that the selection process going forward will entail the Search Committee selecting four to five sites for further consideration, based on responses to the preference items described above. It is expected that this "short list" will be determined sometime in mid-April, 2005, after which time some or all members of the Search Committee will visit the four to five sites. The resulting first and second choices of the Site Search Committee will then be forwarded to the entire 29-member ICOC, which is expected to make the final location decision, sometime in early May. Staff will plan to keep the City Council apprised of this process as it moves forward.

FINANCIAL CONSIDERATIONS:

In the event the Sacramento bid is ultimately selected by the ICOC, and subject to Council approval, proposals to provide no-cost parking and conference facilities to CIRM will have financial impacts upon the City. Providing 40 parking spaces at no cost could result in a revenue loss of \$715,346 over 10 years, assuming an initial cost per space of \$130/month, with a three percent annual escalation rate. Revenue losses related to pro bono conference facilities will vary, depending upon the venue selected and the number days the facilities are ultimately used by the CIRM. Rental rates for space within the Convention Center are currently \$400 - \$500 per day, while the Memorial Auditorium rents for \$2,200 per day. The RFP requests that such conference space be made available for no less than 6 days per year.

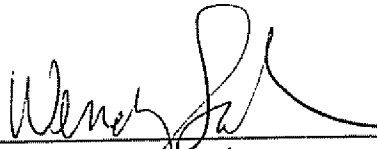
ENVIRONMENTAL CONSIDERATIONS: None

POLICY CONSIDERATIONS:

The actions described in this report are consistent with previously adopted City policies relating to: 1) establishing and strengthening community and regional partnerships to enhance the quality of life; and 2) retaining, attracting and developing a highly-qualified City workforce; and promoting and supporting economic vitality.

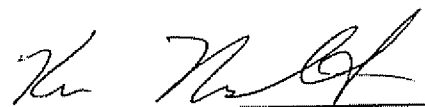
ESBD CONSIDERATIONS: Not applicable.

Respectfully submitted:



Wendy S. Saunders
Economic Development Director

RECOMMENDATION APPROVED:



ROBERT P. THOMAS
City Manager

Resolution, page 5-6

RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

RESOLUTION AUTHORIZING PROVISION OF NO-COST PARKING AND CONFERENCE FACILITIES TO THE CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE

WHEREAS, the California Institute for Regenerative Medicine (CIRM) is considering sites at which to permanently locate its headquarters offices for ten years;

WHEREAS, CIRM's consideration of potential sites is being conducted through a Request for Proposals (RFP) administered through the State Department of General Services;

WHEREAS, The RFP requests that proposals to host the CIRM headquarters be submitted jointly by governmental entities and owners of buildings within those entities;

WHEREAS, the RFP specifies certain preference criteria based upon which competing proposals will be ranked, and ultimately a headquarters site chosen;

WHEREAS, such preference criteria include free rent, no- or low-cost tenant improvements, provision of a minimum of 40 parking spaces and conference facilities at no- or low-cost;

WHEREAS, the City of Sacramento (City) and the Angelo K. Tsakopoulos Family (Tsakopoulos) have determined that they wish to jointly propose to locate the CIRM headquarters at the Tsakopoulos-owned building at One Capitol Mall within the City;

WHEREAS, the Tsakopoulos Family has offered space in its building at One Capitol Mall to the CIRM rent-free for 10 years and has further offered \$800,000 to the CIRM for construction of tenant improvements for purposes of satisfying the preference criteria specified within the RFP;

WHEREAS, the City desires to similarly contribute to satisfy the RFP's preference criteria through provision of no-cost parking and conference space within City-owned facilities; and

WHEREAS, successful attraction of the CIRM headquarters to the City will contribute greatly to the community and economic development goals of the City.

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____ 5

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF SACRAMENTO:

SECTION 1: In the event the joint City-Tsakopoulos proposal is ultimately selected and the One Capitol Mall site becomes the location of the CIRM headquarters offices, the City will provide to CIRM for up to ten years: 1) up to 40 parking spaces free of charge within City-owned parking facilities; and 2) no-cost conference space as required by the CIRM within City-owned meeting facilities.

Mayor

ATTEST:

City Clerk

FOR CITY CLERK USE ONLY

RESOLUTION NO : _____

DATE ADOPTED: _____ 6

