



REPORT TO COUNCIL

City of Sacramento

915 I Street, Sacramento, CA 95814-2604

www.cityofsacramento.org

STAFF REPORT

August 23, 2005

Honorable Mayor and
Members of the City Council

Subject: California Institute for Regenerative Medicine

Location/Council District: Citywide

Recommendation:

Adopt a Resolution acknowledging the many entities throughout the Sacramento region which made possible the City of Sacramento's proposal to house the headquarters office of the California Institute for Regenerative Medicine.

Contact: Tom Zeidner, Senior Project Manager, (916) 808-1931

Presenters: Tom Zeidner, Senior Project Manager

Department: Economic Development Department

Division: Citywide

Organization No: 4451

Summary:

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

Committee/Commission Action: None

Background Information:

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.

A 29-member Independent Citizen's Oversight Committee (ICOC) governs CIRM. Within the ICOC, a Site Search Committee was formed to select CIRM's permanent

headquarters location. The Search Committee, which held a public meeting on January 25, 2005, had 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 within its One Capitol Mall building. This space was offered to CIRM, rent-free, for 10 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 Sacramento's proposal. The Committee agreed, and CIRM's headquarters search considered proposals statewide.

The site search process was 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 (SARTA), Sacramento Area Commerce and Trade Organization (SACTO), 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 within 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. The City similarly proposed to provide the CIRM staff with the minimum required 40 parking spaces, free of charge, in 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, the City also proposed to provide the CIRM with free use of meeting facilities at the Convention Center, Memorial Auditorium or in City Hall. (The City Council adopted a Resolution authorizing commitment of the parking and conference facilities on April 14, 2005.) Finally, the City 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. Media reports thereafter indicated that the Sacramento proposal was one of a total of ten received by the DGS. The RFP indicated that the selection process going forward would entail the Search Committee selecting four to five sites for further consideration, based on responses to the preference items described above

In early April, staff was informed that the Sacramento proposal had been chosen as one of four finalists for further consideration by the CIRM. Other proposals similarly selected as finalists were submitted by the Cities of San Francisco, San Diego and Emeryville. A visit by the Search Committee to the One Capitol Mall site was scheduled for April 30th. Preparations for the site visits were attended to by a task force of City elected officials and staff, Tsakopolous Family representatives, senior officials from the University of California at Davis, SARTA, SACTO, former state Assemblyman Darrell Steinberg and the consulting firm of Dewey Square.

On April 28th, a press conference and signing of a letter of support for the Sacramento proposal was organized by the City of Roseville City Manager's Office. The press conference was held at the One Capitol Mall building and was attended by state Senator Debra Ortiz; representatives of Congresswoman Doris Matsui, Congressman Mike Thompson and state Senator Michael Machado, the Mayors of West Sacramento, Rancho Cordova, Galt, Woodland and Sacramento; Mayor Pro Tem for the City of Roseville; and Board of Supervisor members from the Counties of Sacramento and Yolo. Also present for the signing and press conference were the CEOs of Sacramento Metropolitan Chamber of Commerce, SARTA and the Deputy Executive Director of SACTO. The Tsakopolous Family was represented by Kyriakos Tsakopoulos.

The CIRM Site Search Committee arrived in Sacramento for its site visit early in the afternoon on April 30th. They were welcomed by Eleni Tsakopoulos and Mayor Fargo. Other early remarks were given by Congresswoman Matsui and state Assemblyman Dave Jones. Following a tour of the building, the Committee proceeded to the UC Davis Graduate School of Management located within One Capitol Mall. There, they were addressed by senior executives from Pride Industries, Vision Service Plan and Mr. Amador Bustos. The wealth of intellectual capital provided by UC Davis was highlighted

within presentations given by senior faculty that were prefaced by remarks from Chancellor Larry Vanderhoef.

The CIRM Site Search Committee was next given a bus tour of downtown Sacramento on motor coaches provided by UC Davis. Amenities within the downtown and midtown areas were pointed out to the Committee by Mayor Fargo and developer Mark Friedman.

The group lastly returned to One Capitol Mall for a period of public comment, given by a wide array of patient advocates, business leaders, elected officials and others taking time out of their Saturday afternoon to advocate Sacramento as the headquarters site of the CIRM. Matt Mahood, CEO of the Metropolitan Chamber, presented a letter from the Sacramento Convention and Visitors Bureau, conveying an offer of free and discounted hotel rooms. The rooms offer, put forth by the City's Embassy Suites, Hyatt Regency, Marriot Residence Inn and Sheraton Grand Hotels, provided the CIRM with potential savings of \$1,099,200 over ten years.

The CIRM site selection process assigned points to the finalist cities on the basis of their written proposals and site visits. The result of this process was a recommendation forwarded on to the entire ICOC that San Francisco be selected as the headquarters site, with Sacramento designated as the "runner up" site. (The RFP required that, in the event that negotiations with the chosen city broke down, or that city and its building owner partner were unable to meet the terms of their bid, the award be given to the runner up.) This recommendation was considered at a meeting of the ICOC held in Fresno on May 6th.

A core group of elected officials, business & community leaders, patient advocates and UC Davis leadership was organized to travel to Fresno to advocate for the Sacramento proposal. Transportation for this group in traveling to the ICOC meeting was provided by Maloof Sports & Entertainment and Riverwest Development. This helped assure that the Sacramento proposal was well represented at the May 6th ICOC meeting in Fresno. At the meeting, testimony was provided to the ICOC by a number of members from the Sacramento delegation, prior to a motion put forth by a committee member for a roll call vote by the ICOC on which city should be the headquarters location. No consideration of a runner up site was included in the motion. The resulting vote was largely aligned along regions of the state from which the ICOC members were appointed, with San Francisco being chosen as the headquarters site with 13 votes, followed by San Diego with 11 votes and Sacramento with 3.

Despite this outcome, staff is very pleased with how the Sacramento-Tsakopoulos proposal fared through this process and is also very grateful for the support the proposal garnered throughout the Sacramento region from entities and individuals acknowledged in the attached resolution. Staff is further hopeful that the CIRM effort provides a model for future regional economic development collaborations.

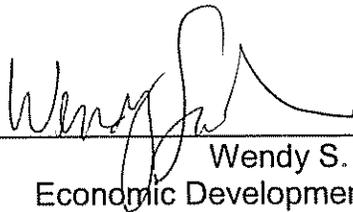
Financial Considerations: None

Environmental Considerations: None

Policy Considerations:

The actions described in this report are consistent with the City's Strategic Plan goals to expand economic development throughout the City and achieve sustainability and livability.

Emerging Small Business Development (ESBD): None

Approved By: 
Wendy S. Saunders
Economic Development Director

Recommendation Approved:

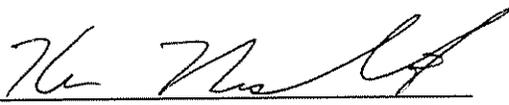

ROBERT P. THOMAS
City Manager

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RESOLUTION NO. _____

Adopted by the Sacramento City Council

Date _____

**ACKNOWLEDGEMENT OF CONTRIBUTIONS IN SUPPORT OF
CITY OF SACRAMENTO'S BID TO BE THE HEADQUARTERS SITE OF THE
CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE**

BACKGROUND

- A. The California Institute for Regenerative Medicine (CIRM) was considering sites at which to permanently locate its headquarters offices. The CIRM's consideration of potential sites was conducted through a Request for Proposals (RFP) administered through the State Department of General Services. The RFP requested that proposals to host the CIRM headquarters be submitted jointly by governmental entities and owners within those entities.
- B. The City of Sacramento (City) and the Angelo K. Tsakopoulos Family (Tsakopoulos) determined that they wished to jointly propose to locate the CIRM headquarters at the Tsakopoulos-owned building at One Capitol Mall within the City. The Tsakopoulos Family thus offered rent-free space within its building to the CIRM for 10 years, and further offered \$800,000 to the CIRM for construction of tenant improvements.
- C. The City-Tsakopoulos proposal was chosen as a finalist in the CIRM's selection process. The proposal's success was supported by a number of other entities and individuals listed in Exhibit A.

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL
RESOLVES AS FOLLOWS:**

- Section 1. The City of Sacramento is profoundly grateful to the Tsakopoulos Family and the entities and individuals listed in Exhibit A for their contributions in making the City-Tsakopoulos proposal to the CIRM possible.

EXHIBIT A
“TO BE DELIVERED”