

STAFF REPORT

DATE: March 29, 2011
TO: City Council
FROM: Ken Hiatt, Director of Community Development and Sustainability
SUBJECT: Response to Chancellor Katehi's Innovation Hub *Concept Request*

Recommendation

Staff's recommended response to Chancellor Katehi's Concept Request will be provided to the City Council before the March 29 meeting. At that time, staff will recommend the Council endorse the response and direct staff to submit it to UC Davis before the March 31, 2011 deadline.

Council Goals

- Cultivate a diversified economy, workforce and tax base.
- Pursue partnerships with other jurisdictions.
- Actively partner with UC Davis to capitalize on tech transfer opportunities.

Fiscal Impact

Costs of responding to the *Concept Request* can be incorporated within the approved economic development / redevelopment budget. Costs of the collaborative planning effort will require additional City resources, to be leveraged with other public and private contributions.

Background and Analysis

On February 11, UC Davis Chancellor Katehi released a *Concept Request* seeking expressions of interest to explore creation of an innovation hub (<http://arm.ucdavis.edu/news/innovation-hub/index.html>). The idea of an innovation hub is not precisely defined, and may include virtual components. Goals include advancing the economic prosperity of the region, accelerating commercialization of campus research, and supporting a culture of entrepreneurship. The future release of the *Concept Request* was announced during the Chancellor's keynote address at the DSIDE economic development forum in the fall.

Staff believes that the Davis community is uniquely poised to be the primary innovation hub for the UC Davis campus. We have a number of assets that make Davis unique in the Sacramento Valley region:

- **Location.** Davis is the urban community nearest to the main UC Davis campus, and the home of many of its employees, students, offices, and support services.
- **Educated citizenry.** In large part due to UC Davis, the community has an educated, highly skilled workforce with strengths in the biotechnology, energy, environmental, food, and health industries identified in the *Concept Request*.

- **Support for Innovation.** The City Council and community are pursuing multiple efforts to identify Davis as a location for innovation and an environment that supports entrepreneurs and entrepreneurship.

On March 1, the City Council directed staff to work to form a partnership with Yolo County, interested property owners, local business community, and other stakeholders to submit a proposal for collaboration with UC Davis on the (re)development of Downtown - Nishi/Gateway as an integrated and dynamic mixed-use innovation district. This action was consistent with the Council's October 2010 direction to Strengthen Downtown as the Innovation Hub; Initiate planning of the Nishi property as a mix of university-related research park development complemented by high density urban housing; and Re-vision Richards/Olive Drive as the entry to Downtown and the Nishi property.

During the past month, staff has been working to refine the City's response to the *Concepts Request*. We have been consulting with representatives from Yolo County, the Chamber of Commerce, the DSIDE Steering Committee, DDBA representatives, SARTA, SACTO, and members of the technology/business community on possible options. One question we have been working to answer is how broad the scope of the proposal should be – should we provide a regional response, one centered on Davis only, or something in between? Staff's desire has been to provide a response that is sufficiently visionary to be attractive to the Chancellor, yet practical enough to be implemented within in a reasonable timeframe.

The response is still in the process of being developed with input from a variety of potential partner organizations. The recommended draft will be provided to the City Council by Monday, March 28.

Attachments

1. *Recommended Response to be delivered Monday, March 28*

Innovation through Collaboration:

A Strategic Vision for a UC Davis Innovation Hub

The City of Davis is pleased to submit this proposal for strengthening the intellectual, economic, and social ecosystem that will be the foundation to support a thriving Innovation Hub centered around the emerging technologies at UC Davis.

This response includes a description of our vision, an overview of our hard and soft assets, our outline for the process of collaboration, and a timeline for the launch of the Innovation Hub.

Our Vision for Innovation

Our process has included a review of current models, conversations with strategic partners and outreach to successful innovators. We conclude that an innovation hub will require UC Davis and its local and regional partners work to collaboratively on the following three key initiatives:

1. Establish an Innovation Broker

An intermediary to connect researchers, entrepreneurs, investors, and industry partners is needed to facilitate commercialization of new discoveries at UC Davis. This entity must be independent of the university and government but able to work in close collaboration. Many examples of this type of entity can be found throughout the country but one that is unique to and built from our local and regional context is critical to our success. Opportunities exist to partner in this effort with SARTA (Sacramento Area Regional Technology Association) or other local organizations of this type.

Specifically, the Innovation Broker will:

- Provide opportunity for innovators to network and receive mentorship
- Review inventions and emerging technology for marketplace readiness in conjunction with the Center for Entrepreneurship
- Navigate legal, technical and licensing issues through liaison with Office of Technology Transfer
- Connect technology with prospective investment
- Assist emerging companies with site selection, entitlement and permitting through coordination with land owners, real estate brokers and municipalities

2. Develop a Physical Innovation Hub

A physical innovation hub will co-locate a range of applied research centers, labs, and private industry. The design will include shared and open space conducive to spontaneous networking and dialogue. Academia and business will collaborate and partner in emerging discoveries that will not be realized in isolation. This will provide a rich environment for faculty, staff and students to be able to consult with experts and demonstrate their inventions.

Viability and sustainability of this hub is dependent on proximity to the wealth of intellectual activity and research facilities on the UC Davis campus. The potential to attract new intellectual and financial capital is multiplied when situated within community with a high quality of life. Downtown Davis and the adjacent Nishi property and adjoining campus land have the essential characteristics. This is walking/cycling distance from the main campus, has the cultural amenities desired by innovators, and is connected to the major commercial centers of San Francisco and Sacramento by I-80.

To that end, the City of Davis and local partners have already taken the following steps:

Davis Area Innovation District – On October 26, 2010, City Council gave direction to pursue the (re)development of Downtown and Nishi/Gateway property as a dynamic mixed-use innovation district. To strengthen this effort we propose a joint planning process with the City, County, and University to develop a shared vision for this area and an implementation strategy.

Davis iHub – We are currently working with UC Davis alumni entrepreneurs to establish an incubator in our downtown. It will provide technical and financial resources for startup companies, including those germinating from the University. The proposed incubator includes space that can be occupied by the University's Center for Entrepreneurship. It will be a public symbol of the collaboration between the community and the campus with immediate positive impact.

Innovation Forums – DSIDE (Designing a Sustainable and Innovative Davis Economy) launched the conversation with a community forum at UC Davis on innovation and economic development last September. An ongoing series of forums is planned to continue the dialogue on the mutual benefits of an innovation driven economy.

3. Strategically Market and Attract New Industry

The strengths of UC Davis' research, particularly in the areas of bio-technology, energy, environmental sustainability, food/health/nutrition, integration of human

and animal health, and telehealth are undisputed. However the university and the region are not currently taking full advantage of our greatest asset.

Local start-ups recognize that proximity to UC Davis is a tremendous benefit to technology transfer. We will create a collaborative and strategic marketing effort that will leverage the creation of the innovation hub to promote this advantage to a wider audience. This will attract new public and private investment. New companies mean a healthy job pool for graduates and increased sources of revenue for the entire region.

Timeline

2011

SPRING / SUMMER

- Establish a team of institutional, industry, and regional leaders to help develop the innovation broker organization
- Open Davis iHub Downtown
- Promote and conduct DSIDE Innovation Forums
- Initiate joint planning of Nishi/Gateway and adjacent university land
- Celebrate ground breaking of Mori Seiki's North American manufacturing headquarters.
- Develop marketing plan and initiate recruitment of targeted companies to the Davis area and surrounding region

FALL / WINTER

- Complete formation of innovation broker organization
- Apply for state and federal funding targeted toward innovation, job creation, and economic development
- Complete joint planning phase of Nishi/Gateway and adjacent university land and initiate final environmental and entitlement approval process
- Develop the design and model for physical innovation hub

2012

- Finalize entitlements, environmental, financing plan, and development agreements for joint planning area of Nishi/Gateway and university land
- Pursue grants and private funding strategies for infrastructure improvements to serve new development on Nishi property and adjacent university land

2013

- Break ground for the Innovation Hub on the Nishi/Gateway and adjacent university land

Our Assets

- **High Quality of Life** – urban and suburban community settings, highly rated public schools, greenbelt – culture of biking & fitness, culture/art/entertainment/major league sporting events, natural habitat such as Lake Tahoe and Yosemite.
- **Proximity to San Francisco and Sacramento**
- **Solid Transportation Infrastructure** – Interstate Highways 80 & 5, Amtrak, Union Pacific Railroad, the Port of West Sacramento, and Yolo County, Sacramento, San Francisco and Oakland Airports.
- **Natural Resources** – great weather, power supply, availability of water, telecommunications.
- **Highly skilled labor force.**
- **Availability of real estate & entitlements in a variety of configurations that will support every phase of company from incubator to manufacturing and warehousing.**
 - Examples include:
 - Incubators collocated in existing downtown Davis office.
 - Larger spaces for research & development in existing buildings within one mile such as Interland and Second Street.
 - Medium-sized Production and Distribution – Peripheral Innovation Parks at the I-80 Mace Sector, the Northwest Quadrant, the ConAgra property in Davis or many places in Woodland, West Sacramento.
 - Larger manufacturing and warehouse Space in regions of Yolo, Solano and Sacramento counties.
- **A Legacy of Innovative Start-ups** – Schilling Robotics, Digital Technology Labs, Mori Seiki, Marrone Bio Innovations, AgriQuest, Novozymes, and Sagres Discoveries.

Evidence of our Commitment

- Support from Yolo County – Board of Supervisor letter of support as well as ongoing collaboration between Yolo and Solano County.
- Collaboration with West Sacramento.
- City of Davis Initiatives –

- BEDC (Business and Economic Development Commission) issued a Comprehensive Economic Development Strategy
- Formation of the Peripheral Innovation Park Task Force
- City of Davis Redevelopment Agency support for the Varsity Theater, Mishka's Cafe, The United States Bicycling Hall of Fame, Hanlee's Volkswagon Dealership, and Monticello Seasonal Cuisine.
- Recent business attraction – DTL/Mori Seiki

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March 31, 2011

DRAFT