

Office of the Mayor
City & County of San Francisco



Gavin Newsom

April 19, 2005

Walter Barnes
Chief Administrative Officer
California Institute for Regenerative Medicine
P.O. Box 99740
Emeryville, CA 94662-9740

Dear Mr. Barnes and Site Selection Subcommittee members:

This letter is in response to your April 15, 2005 letter to all bidders seeking comments on the scoring recommendations made by the Site Selection evaluation team. San Francisco would like to take this opportunity to thank the CIRM/DGS evaluation team and the Site Selection Subcommittee for ensuring an open, fair and unbiased evaluation of responses to the Site Selection RFP. We would also like to extend our congratulations to the other cities that responded to the RFP for the overall quality of their proposals. It is a testament to the significance of the stem cell initiative that so many cities have responded with such enthusiasm to the prospect of becoming home to the CIRM.

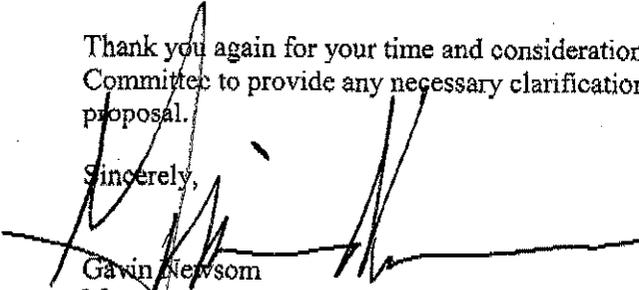
San Francisco is proud to have received the highest ranking in the initial scoring by the CIRM/DGS team. We encourage the Site Selection Subcommittee to adhere to the original selection process, finalize the scores that have already been published and continue without delay to the next phase. While we feel that San Francisco's scores could have been much higher in many instances, or the scores of our competitors lower in others, the process and the scores overall are both fair and reasonable.

However in response to your letter, we feel compelled to present a number of observations related to the preliminary point assignments that justify an even higher overall score for San Francisco's proposal. Accordingly, we respectfully submit those observations for your consideration in Attachment A to this letter.

In the next round of scoring, we hope to increase San Francisco's lead not only because of the unparalleled attributes of the Mission Bay CIRM headquarters location, but also due to the vast collection of complementary benefits that have yet to be considered or scored. We are proud of the number and caliber of the parties that have contributed to the San Francisco package. Our proposal includes commitments from hotels, research institutes, local business leaders and companies, architects and construction contractors, movers, car and limousine providers, and even a museum - all with the single purpose of helping the CIRM succeed in its mission. In addition to the tremendous value these benefits offer the CIRM, they stand as a further testament of the unparalleled community support that Stem Cell research enjoys in San Francisco.

Thank you again for your time and consideration. We are eager to work with the Site Selection Committee to provide any necessary clarifications or answer any further questions you may have about our proposal.

Sincerely,


Gavin Newsom
Mayor

Attachment A

Following are the City of San Francisco's observations with respect to the preliminary point assignments (in the order they appear in the Finalists' Points Matrix):

1. Significant Number of Professionals Engaged in the Field of Biomedical Research.

San Francisco was given 0 points out of 15 possible points for the number of qualified professionals that reside within 45 minutes or 90 minutes of the proposed Headquarters Site (as were all respondents, except Sacramento) despite the fact that our proposal states that "Approximately 85,000 people are employed by life sciences companies, research institutions and national laboratories in the Bay Area – more than double the employment of any other region within California."

We infer from the scoring results that the reason we did not receive any points in 1(a) and 1(b) is because we did not provide specific data on where the 85,000 employees actually *reside*.¹ Unfortunately, reliable data on where employees live who are employed in the Bay Area Biomedical cluster is simply not available. To determine this information, we would need to either rely on general and outdated statistics from the 2000 US Census or conduct a comprehensive employee location survey of each of the over 800 biomedical companies and research institutions, which we could not do under the timeframe permitted under the RFP.

As an alternative, we elected to provide the CIRM with the data presented in Appendix I, which indicates that all but one of the top 25 life sciences companies in the Bay Area, and all but two of the universities and research institutions, are located within a 45-minute drive of the Headquarter Site (note all of these companies and institutions are within a one hour drive time)². The data relating to the top 25 life sciences companies contains estimated employment figures, which, when totaled, exceed 18,000 persons employed in these companies alone. It is statistically impossible that none of these people "reside" within 45 or 90 minutes of the proposed Headquarters Site. To the contrary, typical residency patterns would suggest that the bulk of the 85,000 persons employed in the San Francisco biomedical cluster are within 45 or 90 minutes of the proposed Headquarters Site.

Based on these data, the San Francisco proposal was the most responsive in this category, as we were the only respondent to provide detailed information of the largest employers and institutions on the proximity to the Headquarter Site in both distance and time (via driving and public transit modes). These data clearly demonstrate that the San Francisco Bay Area Biomedical Cluster is the largest Biomedical Cluster in the country. In addition, because San Francisco lies at the geographic center of the San Francisco Bay Area Biomedical Cluster, it is in the best position to attract employees from the entire region.

2. International Airport.

¹ The RFP states that a significant number of professionals engaged in the biomedical research field should "...reside within 45 minutes under normal travel conditions of the proposed facility by reasonable transportation." The RFP then states that the "number of such professionals should be estimated and the basis for the estimate should be documented, including but not limited to, providing a list of the number of leading universities, research hospitals, and/or private research institutions..."

² This information was also presented graphically in the map on page 6 of the San Francisco proposal, which showed the proximity to the Headquarter Site of select major institutions and companies with 30, 45 and 60 minute distance rings.

Each of the finalists received the same score, the 10 point maximum, for access and proximity to an international airport. But, under our analysis of the RFP, this was not intended to be a pass/fail score. The Point Values Basis description (Attachment D) notes that the CIRM executive leadership and staff are required to travel often, many times on short notice. While each City has an airport within the required 45 minutes, the qualitative distinctions between these airports appears not to have been considered based upon the Point Values Basis described above. If staff is required to travel often, and CIRM intends to host national and international conferences, then the number and availability of flights into each airport should be paramount in the scoring. The chart included in the San Francisco proposal on page 12 illustrates the significant advantage that San Francisco International Airport offers. For example, San Francisco operates 538 international flights per week, compared to 46 for San Diego and 34 for Oakland. In terms of domestic flights, San Francisco operates 2,529 flights per week compared with 1,825 for San Diego and 1,443 for Oakland.

Based on the Point Value Basis and the information provided in each of the proposals, San Francisco should have received more points than the other finalists in this category.

3. No/Low Cost Conference Facilities and Access to Hotels.

While San Francisco received the most points in this category, we respectfully suggest that the lead should have been far greater. Each of the 4 finalists received 4 points, the maximum, for conference and hotel facilities within 45 minutes (line 3.b). As set forth in our proposal (on page 16), San Francisco has over 32,000 hotel rooms, much more than Sacramento and Emeryville. We also believe that San Francisco has a larger number of hotel rooms than San Diego, although the San Diego proposal does not appear to include information regarding the total hotel inventory.

In terms of convention facilities, San Francisco has offered 7 facilities with a total capacity of over 57,000 event participants. Furthermore, as noted, many of these facilities are brand new and are equipped with the latest in state-of-the-art meeting, telecommunications and A/V systems.

The overall number, size, and diversity of hotels and convention facilities offered by San Francisco sets it apart from the other bidders. For these reasons, San Francisco should have received even more points than the other finalists in these categories.

4. No/Low Cost Hotel Facilities.

San Francisco's proposal includes commitments for 2,600 free hotel rooms, and an additional 14,000 hotel rooms at reduced rates. These benefits are offered over the course of the full 10 year term and the estimated value of the 2,600 free room nights alone is approximately \$1,000,000. According to our review of the proposals, the next highest bidder with respect to free room nights is San Diego, which has offered 25 free rooms for 2 years in connection with ICOC board meetings in August and December.

Based on the disparity in the proposals, San Francisco should have received even more points than the other bidders in this category.

8. Incentives Other Than Free Rent During the First 10 Years.

The proposals were scored for up to a total of 22 points for direct or indirect financial value of innovative incentives not described as examples in the RFP that are "related to the building itself." San Francisco received 0 points in this category, but Emeryville received 10 points for security guards and free use of athletic facilities, and Sacramento received 12 points for security guards, free access to athletic facilities, and a dedicated shuttle service.

We believe this was in error and that San Francisco should have been awarded significant points under line item 8.b for providing the following building incentives:

- no costs for operating expenses, taxes, assessments, parking, utilities, janitorial or any other services for the full 10 year lease term (note; "no/very low cost for operating or utility expenses" is one of the two examples of what points could be awarded under line item 8.b per the score sheet);
- approximately 25,000-28,000 rentable square feet (which will yield far more than the 17,000 net useable square feet asked for in the RFP and greater than any other bidder);
- free design and construction services for the build-out of the space to CIRM's specifications;
- provision of a secure, keyless entry system to the premises;
- a City CarShare "Pod";
- two 42" plasma screen TVs with touch screen technology;
- four interactive digital whiteboards and cutting edge interactive communication tools, and;
- 46,000 square feet of laboratory, office and animal facility space at San Francisco General Hospital.