

Program Excellence Awards Nomination Form
(All programs nominated must have been fully operational for a minimum
of 12 months, prior to January 31, 2015)
Deadline for Nominations Extended to March 30, 2015

Complete this form (sections 1 and 2) and submit with your descriptive narrative.

SECTION 1: Information about the Nominated Program

Program Excellence Award Category (select only one):

- Community Health and Safety
- Community Partnership
- Community Sustainability
- Strategic Leadership and Governance

Name of program being nominated: North Bay Life Science Alliance (<http://www.nblsa.com/>)

Jurisdiction(s) where program originated: City of Novato

Jurisdiction population(s): 54,650

Project Start Date: January 2014

Name(s) and title(s) of individual(s) who should receive recognition for this award at the ICMA Annual Conference in Seattle, Washington, September 2015. (Each individual listed MUST be an ICMA member to be recognized.):

Name: Michael S. Frank, City Manager, City of Novato

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Title: City Manager
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Challenge:

Marin County and the City of Novato over the last fifteen years have built a solid foundation and cluster of life science companies (BioMarin, Ultragenyx, Raptor Pharmaceutical) and an internationally recognized scientific research institution on aging diseases and cures with the Buck Institute. Unfortunately, numerous industry cluster studies have shown that companies will

only locate where there is available land to expand and where they can locate their R&D, manufacturing, warehouse and distribution facilities in the same region. Thus, without partnering with the other three North Bay Counties (Sonoma, Napa and Solano) Marin County and the City of Novato due to a lack of available land and infrastructure could only expect to achieve modest annual job growth (50) in the life science industry.

The City of Novato commissioned a study on the “state” of the life science industry in the four county area that showed at one time Sonoma County was second only to the San Diego area in medical device companies with Medtronic being the largest company in Santa Rosa; Napa County had Dey Pharmaceutical but it closed its Napa facility in December 2013; and Solano County had the largest pharmaceutical manufacturing plant (807,000 sf.) in the world that was built by Genentech in 2009 but it was never fully opened and not until just recently did they start manufacturing any pharmaceutical products. Novartis Pharmaceutical also has a manufacturing plant (60,000 sf.) in Vacaville and it is not currently open or operating. Between 2001 and 2011 Sonoma County and Napa County lost 6,978 and 74 life science jobs respectively and Marin and Solano counties saw modest growth of 976 and 1,464 life science jobs respectively.

The City of Novato had a survey conducted among 100 executives and leaders in the life science industry in the San Francisco Bay Area about their level of knowledge of the life science industry in the North Bay. More than two-thirds of the interviewees had no or little knowledge about the North Bay and the existence of any major life science companies, available R&D and manufacturing facilities, the Buck Institute, or the abundance of an existing labor force and education programs and initiatives to grow the life science labor force or industry in the North Bay.

With dramatic increases in labor and facility costs in the San Francisco Bay Area due to the exponential growth of the High-Tech industry real estate experts said that many of the life science companies will be forced to move out of the Bay Area over the next five years. A recent survey showed that the North Bay Area was on average 33% less costly to do business (labor and facilities) than San Francisco and the Peninsula. Given all of this data the economic development professionals in Marin, Sonoma, Napa and Solano counties recognized that there was a unique

opportunity to work together and market the North Bay Area as an affordable location and alternative for life science companies being priced out of the San Francisco/Peninsula market.

Solution:

Between January 2013 and August 2013 the City of Novato and the Buck Institute on Aging invited and sponsored regular monthly meetings with economic development professionals, life science company executives, educators, workforce investment board members and life science trade association executives to discuss how working together we could market the four county North Bay Area to life science companies being priced out of the San Francisco and Peninsula market.

By August 2013 there was strong consensus among the volunteers that we needed funding to create a more formal public-private partnership to starting marketing the four county North Bay Area and support STEM education programs at all levels of the education system from K-12, to Community College and Post-Doctorate programs. On September 24, 2013 upon the recommendation of Michel Frank, City Manager the Novato City Council approved \$292,000 to help form an organization that would educate the life science industry leaders about the North Bay and help existing life science companies expand and recruit new companies to the North Bay Area.

After an extensive RFQ and interview process a marketing firm was under contract by January 2014 and after they performed a SWOT and branding analysis the consultants recommended that the group's name be the "North Bay Life Science Alliance" (NBLSA or Alliance). A marketing brochure was developed explaining who and what the organization's mission was and the economic benefits for the North Bay communities that supported growing the life science industry and jobs in their cities and counties. Next to the high-tech industry the life science industry jobs have among the highest economic multiplier and impact of any other industry. According to a recent study by the Marin Economic Forum each life science job increases local/regional spending by \$473,000 annually. In March, April and May of 2014 the NBLSA began a media and marketing campaign to educate the North Bay civic, business, government,

opinion leaders and media about the “state” of the life science industry and the unique opportunities to grow the industry in the North Bay.

On June 23 to 26, 2014 at BIO’s International Convention in San Diego the NBLSA officially unveiled its life science marketing and business/job recruitment campaign to over 18,000 industry executives and scientists from around the world. In attendance at the unveiling was Kish Rajan, Director of the Governor's Office of Business and Economic Development, Gail Maderis, CEO, BayBio, an industry organization representing 7,000 life science executive in the SF Bay Area and numerous other industry leaders and media. The unveiling was covered by numerous Bay Area Business Journals, the Marin IJ, and thirty-four other trade and business publications, radio and TV stations.

The NBLSA recently engaged Kiosk a marketing firm with economic development expertise to develop and implement a direct marketing campaign to introduce the North Bay and relocations opportunities to 2,100 San Francisco/Peninsula life science companies whose leases will be expiring over the next five years. This marketing and business recruitment program will be launched in April 2015 and continue through June 2020.

Results:

With a structural deficit of \$5 million annually the City of Novato could not offer any significant economic incentives to help retain or recruit new life science companies to Novato. In July 2013 Governor Brown signed into law four significant economic incentive programs to help retain and recruit growing industries to California. Two of the Governor’s programs were particularly attractive and beneficial to growing life science companies. Life science companies typically spend tens of millions of dollars on equipment for both R & D and manufacturing facilities and under the Governor’s new program companies would not have to pay the state’s portion of the sales tax or 4.19%. BioMarin, a life science company located in Novato and San Rafael is currently building a new R & D laboratory at a cost of \$130 million and this state economic incentive program will save them \$637,000 in state sales tax alone. BioMarin is also planning on

expanding their manufacturing facilities in Novato and hiring as many as two hundred people a year for the next five years and many of them will be located in either Novato or San Rafael.

The other state economic development incentive program that the City of Novato has used to help existing life science companies expand their operations and hire new employees is the “California Competes Tax Credit” program. Under this program companies can negotiate a level of state income tax credits based on their projected increase in new jobs and capital investment in facilities over the next five years. On Thursday, June 19, 1 2014 the Governor’s Office of Economic Development announced that 31 companies had competed and been selected to receive a combined corporate income tax credit of \$22.5 million. As a direct result of the City of Novato’s aggressive marketing and outreach to life science companies two of the four life science companies selected statewide to receive these tax credits were located in Novato. The four life science companies selected statewide were:

1. Ultragenyx Pharmaceutical, Novato CA
 - a. Jobs – 180
 - b. Investment - \$16.3 million
 - c. Tax Credits - \$2.1 Million

2. XCell, Novato CA
 - a. Jobs – 8
 - b. Investment - \$213,103
 - c. Tax Credits - \$20,000

3. Novartis Pharmaceutical, San Carlos
 - a. Jobs – 28
 - b. Investment - \$104.8 Million
 - c. Tax Credits - \$1 Million

4. Health one Pharmaceutical, City of Industry
 - a. Jobs – 10
 - b. Investment - \$5.6 million
 - c. Tax Credits - \$50,000

In 2014 Ultragenyx hired 107 new employees and these jobs will increase Novato's local/regional economy by \$50.6 million annually. The City of Novato is currently working with BioMarin Pharmaceutical to prepare and submit a California Competes Tax Credit application by April 6, 2015. Given the City's experience in helping Ultragenyx and BioMarin's planned hiring of 100 to 200 employees a year and their investment of \$100 to \$200 million each year in new facilities and equipment over the next five years we are confident that BioMarin will successfully compete and be awarded significant tax credits in June 2015 by the state of California..