

Office of the President

TO MEMBERS OF THE COMMITTEE ON FINANCE:

**ACTION ITEM**

*For Meeting of July 17, 2008*

***POWERPOINT PRESENTATION***

**AUTHORIZATION TO ESTABLISH A LIMITED LIABILITY COMPANY WITH FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT FOR THE PLANNING AND EVALUATION OF A SHARED RESEARCH, DEVELOPMENT AND EDUCATIONAL FACILITY TO BE LOCATED AT NASA AMES RESEARCH CENTER, MOFFETT FIELD, CALIFORNIA, SANTA CRUZ CAMPUS.**

**RECOMMENDATION**

The President recommends that the Committee on Finance recommend that the Regents authorize the President, in consultation with the General Counsel, to negotiate and execute all documents necessary to establish a two-member limited liability company ("Evaluation LLC") comprised of Foothill-De Anza Community College District ("Foothill-De Anza") and the University of California ("UC") for the purpose of evaluating the feasibility of, and planning for, a possible shared research, development, residential and educational park ("Shared Facility") at the NASA Ames Research Center ("NASA Ames") on Federal land designated as the NASA Research Park (NRP) provided, however, that:

1. The limited liability company shall not be authorized to enter into any legally binding agreement to proceed with the development of such a facility; and
2. Any legally binding agreement to proceed with the development of such a facility will require separate action by the Regents after all required environmental evaluations have been completed.

This action does not constitute a decision by the Regents as to whether to undertake the development of a Shared Facility at NASA Ames.

This authorization is pursuant to Standing Order 100.4(oo), which requires Regental approval of the participation of the University in the establishment of corporations, companies or partnerships.

## BACKGROUND

### *Purpose of the Evaluation LLC*

UC Santa Cruz in collaboration with Carnegie Mellon University (CMU), Santa Clara University (SCU) and Foothill-De Anza is exploring the feasibility of developing a 70 acre site located in the NASA Ames – NASA Research Park (NRP) that will serve as home to the UCSC Silicon Valley Center. UC and Foothill-De Anza as the two public institutions must assess environmental impacts of the proposed development under the California Environmental Quality Act (CEQA) (estimated to be a 12 – 18 month process).

As an initial step in the overall planning process, the public entities, University of California (“UC”) and Foothill-De Anza seek to create a limited liability company to perform the analysis necessary to determine the feasibility of creating a world-class, shared research, development, residential and educational park. This Evaluation LLC would analyze various land use plan alternatives, evaluate their economic feasibility and assist the University in assessing environmental impacts under the California Environmental Quality Act (“CEQA”) and an existing Environmental Impact Study (“EIS”) previously prepared by NASA Ames.

The Evaluation LLC would be organized exclusively for nonprofit purposes; specifically, to support, benefit, and further the charitable, scientific, and educational purposes of UCSC by facilitating the evaluation and planning of a possible Shared Facility at NASA Ames. The University and Foothill-De Anza would make initial financial contributions to the Evaluation LLC to cover expenses of evaluation and planning, to be specified in the formation documents. Each of the collaborating institutions will contribute a proportionate share of funding towards the overall effort. This action commits UCSC to a one-time investment of approximately \$900,000 as its share for planned activities. All strategic decisions with respect to the planning and development of any such NRP Shared Facility would be coordinated by the University and fully subject to its consent.

In furtherance of these purposes, it is proposed that the activities of the Evaluation LLC will include the following:

- Complete full evaluation and planning studies in collaboration with CMU and SCU;
- Assist the University, as the lead agency, in complying fully with the requirements of CEQA;
- Evaluate potential lease parameters in collaboration with the private entities in open discussions with NASA Ames;
- Collaborate with NASA Ames and local communities to establish a land use plan and phased approach for construction consistent with the November 2002 EIS and Record of Decision for the site under the National Environmental Protection Act (“NEPA”); and
- Formulate, evaluate and assist with the determination of strategic long-range development and financing options and plans for the development of the Shared Facility.

The participation of the public Evaluation LLC is an essential element in determining the feasibility of the proposed project from the perspective of the University, because that feasibility will be largely determined by what NASA finally agrees to with respect to many aspects of the project, including its critical economic elements. The project would be quite complex, and a determination of whether it could be completed in a manner that meets the requirements of both NASA and the academic institutions can only be made with certainty after a detailed negotiation process is completed.

No commitment with respect to the ground lease will be made by the University until the feasibility of the project has been determined, all required environmental evaluations have been completed and the Regents have made a determination to proceed with the project and to become a member of an entity which is the lessee under the ground lease. No commitment of any kind, either practical or legal, to be bound by the ground lease or proceed with the project will be made by the University before all of those actions have occurred.

### ***Current Status***

The Silicon Valley Center is an important element in the campus' long range planning efforts to increase collaborative research with industry and with various agencies, including NASA; develop graduate and professional programs; accommodate student demand; develop collaborative relationships with the California State University (CSU) and the California Community Colleges (CCC); and expand student academic preparation programs with K-12 schools and students. UCSC, CMU, SCU and Foothill-De Anza signed a non-binding letter of intent ("LOI") with NASA Ames on March 24, 2008, expressing their intention to analyze and evaluate an approximately 70-acre site within the NRP to determine whether this site is feasible for a Shared Facility serving the needs of the institutions of higher education and NASA Ames. UCSC's collaborators in this initiative each have active partnerships with NASA Ames at the NRP site.

### ***UCSC in Silicon Valley***

UCSC has established a presence in the Silicon Valley to enhance the impact of UC research, improve access to UC education, and provide new educational opportunities for Silicon Valley residents. The Center is a growing conduit for the state's research university system to contribute further to the economic growth and intellectual vitality of the Silicon Valley region. In July of 2000, UCSC identified the NRP as the preferred site for expanding its presence and service in and to Silicon Valley. To further its presence in Silicon Valley, UCSC sought strategic partnerships with NASA Ames, a prominent Federal research center in Silicon Valley and responsible for redevelopment activities for the former Naval Air Station at Moffett Field. In September 2003, UCSC initiated the first phase of this expanded presence through the \$330 million University Aligned Research Center ("UARC") contract with NASA Ames. The award established a strategic partnership between UCSC and NASA Ames as a foundational element for UCSC's presence in Silicon Valley serving as a magnet for graduate students and research faculty in Silicon Valley through its Systems Teaching Institute and Aligned Research Program. The UARC has sponsored work at UCB, UCLA, UCD and UCI as well as involving faculty and graduate students from UCSC in areas as diverse as earth sciences to biomedical engineering technology.

The UCSC Strategic Academic Plan (February 2008) identifies these and other key strategic efforts in furtherance of campus' goals of increasing the breadth and depth of its academic programs, increasing its graduate enrollment and expanding the scope of its research, teaching and public service missions in Silicon Valley. The Shared Facility would significantly advance each of those goals.

### *Potential Development Activities*

The potential development would include state-of-the-art research and teaching laboratories, classrooms, commercial services, housing and modern infrastructure co-located in an integrated, environmentally sensitive community. The development studies are focusing on a portion of the Moffett Field site adjacent to the historic military quadrangle at Shenandoah Plaza and the iconic Hangar One. The site is designated as the "University Development Area" (Attachment 1).

At this early stage, the academic institutions are optimistic that the resulting world-class center would spur new research discoveries and provide a test bed for the commercialization and application of emerging technologies. It would also establish new models for education and public-private sector partnerships. Among the initiatives under consideration are:

- Innovative public-private and intersegmental programs and facilities dedicated to preparing the workforce of the future and to conducting research at the forefront of science and technology in service to society and the economy of the region.
- Educational institutions pioneering new ways of working together as a "meta-university" in shared and joint-use facilities. For example, Foothill-De Anza is interested in a significant expansion of its educational facilities. The site plan would be designed to maximize interactions across all segments of the community to facilitate exchange of ideas and energize discoveries.
- Highly efficient and technologically advanced systems to conserve or recycle energy, water, solid waste and wastewater, thereby reducing the demands on external infrastructure. These technologies can serve as models to help validate and deploy new renewable energy and resource conservation systems. Public education facilities/programs and a Visitor/Conference Center are envisioned to showcase the green building and operational technologies unique to the site as well as the science and technology research being conducted.

### *Land Planning and Possible Improvements*

If the Regents, after all required environmental evaluations have been completed, decide to proceed with a Shared Facility project, UCSC and its academic collaborators would consider using a "master developer" approach for the project as part of the plan to attract the more than \$1 billion in external capital investment required to accomplish the potential build-out. The property would remain in federal ownership with the University leading CMU, SCU and Foothill-De Anza in guiding the master developer responsible for managing and developing the lease entitlements.

NASA and the academic institutions are considering a baseline plan for 3.3 million square feet of total development for the identified 70-acre site. The space would be apportioned among the academic partners and industry collaborators, as well as to residential units required under the existing National Environmental Protection Agency (NEPA) determination. The new development would be an open community with the residential area available to faculty, staff and students, in addition to residents attracted to the new community from surrounding areas.

*Timeline*

The process of evaluation and feasibility analysis and compliance with the requirements of CEQA will require approximately 12 to 18 months. If the project is found to be feasible after the CEQA process is completed, and the Regents decide then to proceed with the project, actual development would not commence until approximately 2010-11 with a phased complete removal and replacement of the existing infrastructure that dates from the 1950s. Phased construction of the project itself would begin on a timeline consistent with the plans of the academic partners, market demands and emerging partnerships with industrial concerns.

(Attachment)