

THE REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSE

MEMORANDUM

TO: COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE	FROM: JOHN WEIS ASSISTANT EXECUTIVE DIRECTOR
SUBJECT: SEE BELOW	DATE: MARCH 6, 2009

SUBJECT: BIOCENTER EXPANSION AND PILOT BIOLOGICS
MANUFACTURING FACILITY PLAN

The San Jose BioCenter (BioCenter) is a 33,500 sf laboratory facility and business incubator for early-stage life science companies and is located at 5941 Optical Court in the Edenvale redevelopment project area. The BioCenter is a project of the San Jose Redevelopment Agency (Agency), in partnership with the San Jose State University Research Foundation (Foundation). Prescience International operates the facility on behalf of the Foundation. The Agency leases space for the BioCenter from Mission West Properties, a Cupertino-based commercial real estate developer, and subleases the space to the Foundation. To date, the Agency has invested over \$10 million in tenant improvements, initial operating costs, research equipment, and rent for the BioCenter.

Today, the BioCenter houses 19 companies that are developing new drugs and biotechnology products as well as drug delivery tools, medical devices, medical software and clean technology products. The BioCenter also has 16 affiliate companies that use the facility's services and programs.

BioCenter tenant companies have been growing and need additional room to expand. These companies have told the Agency that they would prefer to expand while remaining part of the BioCenter. To assist these companies and to allow the BioCenter to serve more companies, the Agency is working with Mission West Properties to expand the BioCenter.

The BioCenter currently occupies the second floor of a two-story building. For the expansion, the first floor of the building will be improved, doubling the size of the BioCenter to 67,000 sf. Laboratory suites ranging from 2,000 sf to 10,000 sf and a conference room will be built on the first floor. A small portion of the second floor will also be renovated.

Working with design and engineering experts, construction documents have been prepared which will be used by Mission West Properties to prepare cost estimates and bid the project by April 2009. Agency staff anticipates bringing a lease and development agreement with Mission West Properties to the Agency Board for consideration by Summer 2009. It is expected that project construction will take approximately twelve months.

PILOT BIOLOGICS MANUFACTURING FACILITY:

The Agency has also been exploring ways by which it can develop small-scale biologics manufacturing in San Jose. Biologic drug firms and other biotechnology companies often rely on the services of contract manufacturers to help them scale up their production processes for clinical trials and commercial production. BioCenter companies have told the Agency that a local contract manufacturer would help them accelerate the growth of their companies.

In January 2008, the Agency retained a consultant to investigate the demand for contract biologics manufacturing in San Jose and to provide the Agency with facility options. The consultant found that there was a strong demand for pilot-scale manufacturing and proposed facility options that ranged from a small project at the BioCenter to a 25,000 sf stand-alone facility. In all cases, it was assumed that Agency assistance would be necessary to develop such a facility and a manufacturing firm would manage and operate the facility as part of its business.

The Agency has met with a number of contract manufacturers to gauge their interest in expanding to San Jose. Although corporate expansion decisions in this industry have been delayed or put on hold because of the economic recession, the Agency continues to work with interested companies to develop project concepts and expects to bring a proposal to the Agency Board for consideration in the next twelve months.



JOHN WEIS
Assistant Executive Director