

426.4 Oro Valley Business Accelerator

Location: Innovation Park Drive in Oro Valley

Scope: The Oro Valley Business Accelerator will be a new, state of the art 50,000 square foot incubator/accelerator for life sciences in Oro Valley built on land in Innovation Park, adjacent to Ventana Medical Systems and Sanofi, to be acquired by Pima County. It is envisioned as a place where scientists from industry and academia who share research interests will be able to conduct translational research. The Accelerator will help advance research, accelerate the product development cycle, and will support and help create new businesses.

The Oro Valley Accelerator will make services and shared facilities available to startup companies on an as needed basis: office space, lab space, shared access to reception, IT, bio specimens collection and repository, conference rooms, video and teleconference facility, training suites, video production for investigator training and/or human subject enrollment, research site monitors, administrative support (book-keeping, payroll, HR), and consultation on regulatory strategy, market analysis and business planning. The facility is planned to have a CLIA-certified laboratory with approval to perform research tests for patients that meet the highest clinical and regulatory standards. The facility and the interior spaces will be designed to be nurturing and collaborative; a “watering hole” for meeting and exchanging ideas.

Tenants and Selection Process: Arizona State University (ASU) will be a major tenant, leasing approximately 10,000 square feet, to include labs, office and educational areas, and other improvements required to support faculty and researchers. Additional tenant selection and oversight will be managed by a Scientific/Development and Tenant Selection Committee of the BIOSA Innovation Board. A representative appointed by Pima County and one appointed by the Town of Oro Valley will be included on the Committee. The Committee will develop tenant-selection criteria primarily based on furthering bioscience growth in Southern Arizona.

Rental Terms and Use of Rental Funds: Rental terms will vary from no rent scholarships, to full market rent, depending on the tenant’s ability to pay. All funds generated by operation of the Accelerator will be utilized for operation, maintenance, programming, and development of the site and/or related economic development initiatives. A successful Accelerator will experience significant tenant turnover. Some companies will not be successful, and will move out—that is the nature of taking risks with startup companies—while companies that do become successful will be required to “graduate” to other nearby facilities. The rental funds generated by the Accelerator will therefore be needed, at first, just to cover operating costs, including facility maintenance, and build-out and reconfiguration space for in-coming companies. Any remaining net revenues will be applied to long-term facility capital-replacement reserves and then to additional economic-development programming in cooperation with Pima County.

Benefits: Creating an Oro Valley Accelerator will facilitate collaborative research, enhance the region’s biotech industry and create additional primary jobs and economic growth. The Oro Valley Accelerator will allow small startup companies to develop a prototype of their product or its equivalent, i.e. the early clinical data or “mock up” that attracts venture capital investors to their company. Successful companies will need to scale up production of their product and at this point, may have the stability and financial support to plan the construction of new facilities. Oro Valley is already home to Ventana Medical Systems, a member of the Roche Group, a world leader and innovator of tissue-based diagnostic solutions for patients worldwide; and Sanofi, the third largest pharmaceutical company in the world. Both companies are located in Innovation Park and have committed to participate in the Accelerator. ASU will be a major tenant at startup and faculty,

students and post-docs are looking forward to the project. The presence of ASU and proximity of the Accelerator to two of the world's largest pharmaceutical companies will foster collaboration and enhance a life-sciences hub in Oro Valley and enhance the region's ability to attract new life science employers, and provide recruiting and retention benefits to current employers in this highly competitive field. Discussions have also been held with smaller bioscience companies, the University of Arizona, and other business and economic development organizations.

Total Cost Estimate: \$15,160,000

Bond Funding Estimate: \$15,000,000

Other Funding Estimate: \$160,000 for equipment committed plus other contributions expected.

Total Cost Estimate by Major Task: Land at \$1,600,000, design at \$650,000, and construction at \$12,750,000

Implementation Periods: 1

Project Schedule by Major Task: Land acquisition at 3 months, planning and design at 4 to 6 months, construction at 12 months.

Project Manager: Pima County/BIOSA Innovation Inc. (Project requested by Town of Oro Valley and BIOSA-Innovation)

Operator: BIOSA Innovation, Inc., a 501(c)(3) non-profit, will operate and manage the Accelerator under an operating agreement with Pima County. This agreement will be executed prior to starting this project. The stated mission of BIOSA Innovation is "to support translational research through education and infrastructure that promotes bioscience in Southern Arizona."

Regional Benefits: Regional economic development.