

## **S.F. wins hard-fought battle for stem cell headquarters** **Regional ties prove crucial to victory as board needs second round of balloting**

- [Carl T. Hall, Chronicle Science Writer](#)

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**Fresno** -- San Francisco was chosen as the headquarters city Friday for California's \$3 billion stem cell program, overcoming a strong challenge from San Diego and Sacramento in a battle that was decided mainly on regional loyalties.

Mayor Gavin Newsom called it a historic achievement for a city and region struggling to find its economic footing after suffering through the collapse of the dot-com bubble.

"This secures our future as a point of destination for discovery," Newsom said.

Almost every city in California of any size at all seemed to possess ambitions to become the state's stem cell capital after voters passed Proposition 71 last fall, which authorized \$3 billion worth of state bonds in a decadelong program just now getting started. San Francisco cobbled together a \$17 million package centered on 20,000 square feet of offices across King Street from SBC Park and at the edge of the UCSF Mission Bay campus.

After a months-long buildup, the end game was a scene of high drama, carried out before a bank of TV crews in an exhibit hall of the Fresno convention center, a neutral site chosen for the stem cell board's meeting Friday.

Members of the governing board that oversees the stem cell program, known officially as the California Institute for Regenerative Medicine, took two roll-call votes to decide the contest Friday. Business boosters, political leaders and scientists from each contestant city packed the room, all hoping to influence the outcome in a final flurry of presentations.

With 27 of the 29 board members voting, a city needed at least 14 votes to be declared the winner. On the first roll call, San Francisco received only 13 votes, while San Diego got 11 and Sacramento 3. On the second round, all three Sacramento votes switched to San Francisco, as cheers erupted among the Bay Area boosters.

Only two directors cast a vote against the city from their region: Gerald Levey, dean of UCLA's medical school, and Oswald Steward, a spinal cord injury researcher on the faculty at UC Irvine, both voted for San Francisco over San Diego.

No more than 50 employees will work at the headquarters, but the 17 cities that formally entered the bidding all saw it as a symbol of cutting-edge biomedical research and strong selling point for biotech business recruitment.

"Symbolism doesn't hurt," said Jim Wunderman, chief executive of the Bay Area Council, a regional business group. "This is a big one for San Francisco and the Bay Area."

On most counts, the proposals weren't all that different -- and state officials, who had been deluged with generous offers of municipal subsidies, were forced to craft an elaborate rating system to help them narrow the field.

The contest included technical analysis of the competing real estate offers and blossomed into an unprecedented municipal beauty pageant when directors of the stem cell program personally checked out the merits of locating in San Francisco's South of Market, San Diego's Torrey Pines Mesa and Sacramento's Capitol Mall, as well as the institute's temporary location in Emeryville, which was a contender for the permanent site until being eliminated earlier this week.

The two rankings -- one for the quality of the proposal, and one based on the tour of the sites last weekend -- were combined into a single cumulative score that gave San Francisco a seemingly insurmountable lead of more than 20 points. San Diego and Sacramento ended in a virtual tie for second place. All three cities were invited to make 10-minute presentations just before Friday's final vote.

San Francisco's high score made it the recommended site going into the Fresno meeting, but even some members of the subcommittee made it clear they would use the rankings merely as guidance. Members of the Independent Citizens Oversight Committee, as the institute's board is known, devoted much of Friday's meeting to defending their chosen city -- usually where they happened to live and work.

Richard Murphy, head of San Diego's Salk Institute, said the point-scoring was essentially a matter of "teeing up the process" before Friday's meeting, and should not be considered binding on anyone. He ended up voting for San Diego.

San Francisco members argued that ignoring the results of the scoring would undermine credibility in the entire stem cell venture. The scoring system was akin to the peer-review process being created to score grant proposals, said Jeff Sheehy, a San Francisco AIDS advocate who sits on the stem cell board.

"It troubles me that we would even consider assaulting an objective process," Sheehy said. "If we start pulling out threads, we pull a lot of threads apart."

Surprising no one, Sheehy voted for San Francisco.

Robert Klein, chair of the stem cell board, also favored San Francisco, as did vice chair Ed Penhoet, who grew up in Oakland and now heads a San Francisco charitable foundation. But Klein said he was prepared to sell his house in Portola Valley and relocate if the majority of his colleagues disagreed.

Several board members seemed happy to get the contest behind them. Murphy, for one, said there should be no hard feelings in Southern California.

"It was an absolutely fair battle, he said. "I think (San Francisco) won fair and square."

But there were some lingering complaints from some of the vanquished as to how the contest played out.

Julie Meier Wright, president and chief executive officer of the San Diego Regional Economic Development Corp., noted that San Diego "decisively won" on the basis of the site visits. Her city's team lodged several objections to how the scores were allotted.

"We have raised questions about the scoring and the process from the beginning," she said. But she also said the meeting conducted Friday seemed fair, and that despite losing San Diego could take solace by having

"demonstrated how effectively we work together as a team."

Sacramento Mayor Heather Fargo tried in vain, along with state Sen. Deborah Ortiz, D-Sacramento, to convince the stem cell board that the state capital offered lower living costs as well as an address close to the corridors of power. After the three Sacramento-area committee members cast the decisive votes for San Francisco, she joked that this underscored her main point.

"Sacramento is where the important decisions are made," she said.

San Francisco's presentation included appeals from Stanford Nobel laureate Paul Berg and UCSF genetics pioneer William Rutter, along with the formal endorsement of San Jose city hall, which was cut from the derby early on because of technical flaws in the San Jose bid.

All the cities entered multimillion-dollar offers including 10 years of free rent and amenities such as free hotel rooms, conference facilities and lab spaces.

Newsom said he suspected the offer of 46,000 square feet of free office space at San Francisco General Hospital and \$900,000 worth of free or discounted hotel rooms were among the key selling points of the city's proposal. But he said the "fundamental" factor was San Francisco's global status as a trend-setting place where experimentation is part of the daily fabric of life.

It was "San Francisco's international status, the city itself as the backdrop" that carried the day, Newsom said.

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Page A - 1

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