

Carlsbad Higher Education Initiative

Presentation to City Council



November 12, 2013



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Who We Are

- K. Backus & Associates (KBA)
 - NYC-based real estate consulting firm founded in 1997 that focuses on real estate strategic planning and development, primarily for universities, large non-profit institutions and public sector clients
 - KBA professional staff bring backgrounds in real estate development and finance, economic development and urban planning
 - KBA served as lead consultant to Cornell University in its successful pursuit to win New York City's competition to attract a top applied science and engineering campus
- Appleseed
 - NYC-based consulting firm founded in 1993 that specializes in economic research and analysis and local economic planning
 - Clients have included major U.S. universities, state and local development agencies, non-profit organizations, corporations and trade associations
 - Has assisted several universities in various aspects of planning for major expansion projects and served as part of the Cornell team in its bid for NYC campus

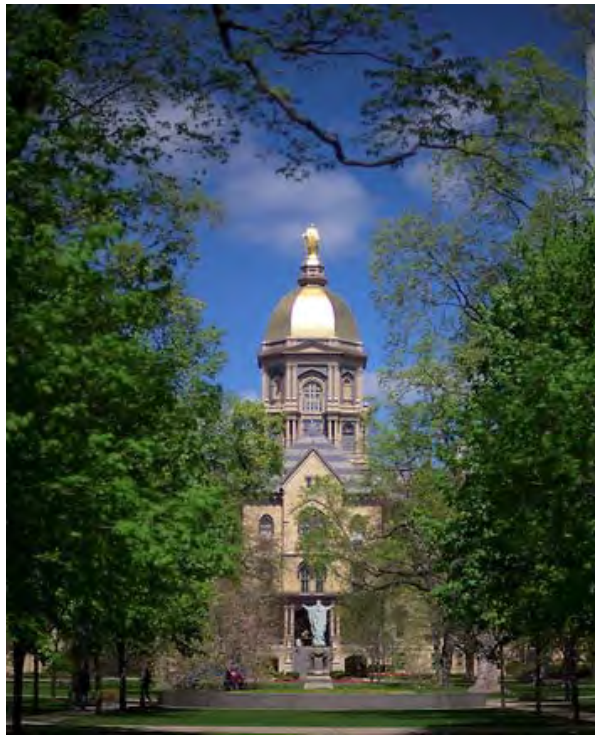
Why a Higher Education Initiative for Carlsbad?

Economic Impact of Universities

- The university as an enterprise
- Human capital development
- Research that supports economic growth
- Innovation, entrepreneurship and economic development
- A resource for the community

Economic impact of universities

The university as an enterprise



- Employing local residents
- Buying goods and services from local companies
- Investing in construction
- Student and visitor spending

Impact is greatest with large, “export”-oriented institutions—e.g. Notre Dame

Economic impact of universities

Human capital development



- Educational opportunity for young local residents
- Attracting talented students and faculty from elsewhere
- Education for working professionals
- Customized education and training for local industries

Over time, can have a major impact on local levels of educational attainment, retention of talent – examples range from middle-tier public institutions to major research universities

Economic impact of universities

Research that supports economic growth



- Attracting external funding, most of which is often spent locally
- Creating new knowledge that leads to economic growth
- Applied research partnerships and consulting with local companies
- Strengthening human capital development
- Research that addresses local community needs

Research strengths in engineering and applied sciences often have the greatest impact—e.g. Stanford

Economic impact of universities

Innovation, entrepreneurship and economic development



- Patenting and licensing new technologies—both existing companies and start-ups
- Educating the next generation of entrepreneurs
- Supporting faculty, student and alumni entrepreneurs
- A partner in local economic development initiatives

Over time, successful programs can have a significant impact on creation and growth of new technology-based businesses—e.g. Rensselaer Polytechnic Institute

Economic impact of universities

A resource for the community



- A partner in local efforts to strengthen elementary and secondary education
- Service learning and community service programs
- A cultural resource for the community

Can help make the local community a more attractive place to live and work—e.g. Notre Dame, University of Pennsylvania

Economic impact of universities

Implications for Carlsbad:

- The impact of satellite campuses is often greatest in the area of human capital development, especially for working adults—although some are primarily research campuses, and some combine both functions
- Enterprise impacts of satellites are positive, but in most cases not large
- Growth of satellites into multi-purpose campuses with multiple impacts can be a long-term process

Carlsbad Strengths: Developing the Value Proposition

- Second largest **technology hub** in San Diego County after La Jolla/Sorrento Valley
- A growing and **economically healthy** community
- Corporate headquarters for **leading technology companies** with global reach and strong academic relationships
- Strong **culture of innovation**
- **Highly educated** population
- **High need for applied research and new talent**
- Strong North County **academic partners**
- Strong **municipal partner**
- Access to **major metropolitan markets** and exceptional **quality of life**

Carlsbad Challenges

- Proximity of UC San Diego is both opportunity and challenge
- City is relatively unknown beyond Southern California
- Trends in higher education make value of satellite campuses less certain
- Institutions may require long-term expansion plan for land and buildings

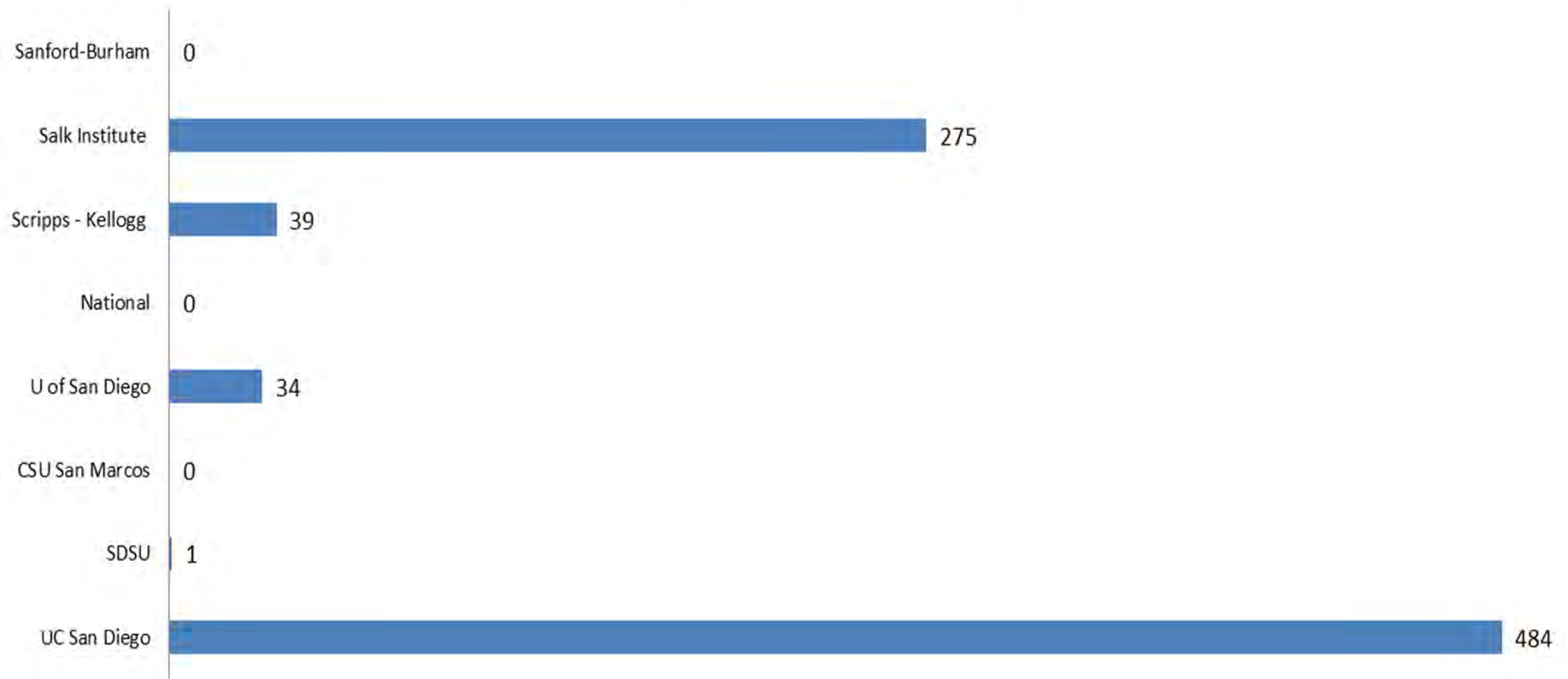
Existing Academic Landscape: One Dominant Institution

- San Diego County has strong academic research base that has made region a global center for life sciences, information & communications technology, and clean tech
- Unlike other major innovation clusters in U.S., San Diego County is dominated by only one single major research university
- While many UCSD research programs related to Carlsbad's key industry sectors are top-ranked nationally, there is consensus that local industries' needs are not being fully met, particularly in North County

Doctorates Are Highly Concentrated Among Local Institutions

UCSD and Salk Institute are responsible for the vast majority of doctorates graduated by institutions in San Diego region, leaving potential capacity for additional institutions

Doctorates Graduated 2011 (as reported to NSF)



Talent Needs of Carlsbad Companies

- The following higher education/human resource needs have been identified during preliminary interviews with Carlsbad companies:
 - Software engineers – several sources cited an estimate of 5,000 – 6,000 unfilled positions in the San Diego area
 - Programmers
 - Engineers trained in product development and design
 - Engineers trained in advanced manufacturing
 - Bioinformatics – especially applications of “big data” to problems in the life sciences and in health care delivery
 - MBAs
 - Opportunities for short-term, high-level training of professional employees in very specific skills

Types of Institutions/Programs to Consider

1A. New State-Funded Higher Education Institution

- Extremely unlikely with proximity of CSU San Marcos

1B. Expansion of Existing -State Funded Higher Education Institution

- More likely scenario; UCSD has discussed expansion programs in North County; CSU San Marcos started as extension of SDSU; California state funding climate still challenging

2A. New Private Higher Education Institution

- Requires significant capital and vision and will need to build operational capacity from scratch; may take very long time to reach appropriate scale; Soka University of America is local example

2B. Expansion of Existing Private Higher Education Institution

- Select private academic institutions would have greater financial resources to establish satellite campus. Proposed site may be correct size for initial phase, though housing and opportunities for scalability would have to be considered
 - Graduate-only institutions may require fewer resources
 - Carlsbad may be attractive to private research universities in shrinking or limited markets
 - Potential to leverage Carlsbad's private industry strengths in life sciences, communication technology and clean tech

Types of Institutions/Programs to Consider

3. Multi-Institutional Education Consortium

- Allow for a diversity of funding and resource streams; require feasible partnerships and common vision regarding research focus, pedagogy and governance
- Multi-institutional consortiums can also include a partnership between non-local and local universities and community colleges

4. International University

- International university would need US partner institution for accreditation, though US partner can provide strong complementary programming (see Cornell-Technion); as most foreign universities are state-controlled, it is unlikely they would make significant capital investment
- In new trend, some international universities (ie, University of Warwick) have been more aggressive about establishing branch campuses in United States

5. Experiential Learning Program

- Many universities are establishing experiential learning programs that are easily scalable and require small physical plants - partnerships with local businesses are essential

Attracting an Academic Institution – Examples & Approaches

1. Open competition with global focus
 - New York City Applied Sciences Campus
2. Targeted Sole Source Solicitation
 - Scripps Research Institute – Florida
 - Placer County and the University of Warwick
3. Institution-Led Site Search
 - Drexel University – Sacramento
4. Multi-institutional Partnership
 - Carnegie-Mellon/UC Santa Cruz/NASA
 - Center for Urban Science and Progress
5. Satellite Campus for Local Institution
 - Johns Hopkins University Montgomery Campus
 - Southern Maryland Higher Education Center



Important Lessons for Carlsbad

- Open solicitation process requires considerable ground work by City and collaboration with local business, community and academic leaders
 - New York City benefitted from its status as global city that provides access to global audience and capital; Carlsbad may provide institutions in smaller or declining regions access to more robust markets and sectors
- Role of free land and large capital subsidies
 - Free land and significant capital subsidies were important to the success of the New York City Applied Sciences initiative, essential to a targeted sole source effort such as Scripps Florida
- Understanding capacity of the local education market
 - Drexel University identified market both underserved by private universities and whose state-affiliated institutions were challenged or at capacity
- Understanding needs of institutions
 - Placer County targeted Warwick University after learning it was considering US, and more particularly, West Coast expansion
- Leveraging connections in local business community
 - Personal and professional connections between Drexel and local business leaders was important factor in Drexel's interest in Sacramento

Potential Approaches

- Leverage existing industry contacts in Carlsbad with potential university partners
- Approach UC San Diego regarding potential partnerships with non-local universities
 - Explore multi-institutional partnership similar to UC Santa Cruz-Carnegie Mellon-Foothill Community College in Silicon Valley
- Work with local alumni associations to explore potential local partnerships and contacts at institutions
- Directly solicit universities that have expressed interest in expansion
 - (ie, Drexel, University of Warwick)
- Develop Request for Expressions of Interest for broader sector of institutions, clearly describing City of Carlsbad's preferences while allowing for flexibility

Higher Education Initiative: Proposed Schedule

2013

Nov – Dec Outreach to Institutions and Soft Marketing

2014

Winter Release Request for Expressions of Interest (RFEI)

Spring RFEI responses due

Spring Interviews

Late Spring Evaluate major issues raised in RFEI responses, determine next steps

Summer Potential Issuance of Request for Proposals (RFP)

Fall RFP responses due

Fall Interview and Visits

Late Fall/Winter Negotiations, Short List, Designation

First Quarter 2015 Execution of Agreement

Discussion and Next Steps
