

**UNIVERSITY ASSEMBLY BUDGET AND PLANNING COMMITTEE REPORT**  
**January 23, 2007**

**The University Assembly Budget and Planning Committee met November 17, 2006. At its October 13, 2006 meeting, the Committee requested the UM-St. Louis administration provide a reasonably comprehensive review of the costs and benefits of the UM-St. Louis economic development initiatives. This review was the sole agenda item for the November 17 meeting. The review included the Center for Emerging Technologies, CORTEX, the Business/Technology/Research Park, the proposed IT incubator, and the organization costs for administering the economic development programs.**

**Center for Emerging Technologies (CET)**

**CET was established in 1995 and is located on Forest Park Boulevard in the Central West End. Its mission is “to position the St. Louis region as a worldwide center of advanced technology industries and knowledge-based economic development.” It does this by “providing business and funding resources,” “delivering specialized education and training,” “assisting with business-plan development, and “introducing young companies to prospective investors.” It operates a business incubator for start-up technology companies.**

**CET is a non-profit organization governed by a self-perpetuating board of directors. Historically, two or three of the approximately twenty-five board positions have been occupied by UM-St. Louis officials.**

**The UM-St. Louis has given about \$1,000,000 in subsidies to CET since its inception. It continues to provide \$75,000 to \$100,000 per year to CET. The original decision to provide this subsidy was made by former Chancellor Blanche Touhill. Chancellor George has continued the practice of an annual subsidy to CET. No other university within the region provides an ongoing financial subsidy to CET although St. Louis University and Washington University each have officials on the CET Board of Directors.**

**CET’s interactions with UM-St. Louis have been occasional collaborations between a few science faculty and tenant companies at CET. One graduate student was employed by a tenant company and CET has advised a few science faculty who have expressed interest in forming their own private enterprise. Chancellor George reported that UM-St. Louis’s contributions to and involvement in CET improve the campus’s civic image and facilitate its work in the community.**

**For the community, CET has assisted 25 new companies that have created 300 jobs with an annual payroll of \$117,000,000. These companies have attracted \$710,000,000 in venture capital.**

### **Center for Research, Technology and Entrepreneurial Expertise (CORTEX)**

**CORTEX was established in 2003. It is a 501(c)(3) entity jointly owned by BJC Health System, St. Louis University, UM-St. Louis, and Washington University. UM-St. Louis will pay \$4,000,000 (\$400,000 per year from 2003 through 2012) for its 13.79% share.**

**CORTEX is primarily a real estate venture. It has completed its first building (also on Forest Park Boulevard in the Central West End) and has other projects in the planning stage. Its board included representative from the four investing entities as well as the Missouri Botanical Garden, the Regional Chamber and Growth Association, and other organizations.**

**If CORTEX is financially successful, the investors should ultimately be able to recoup their original investments plus possible gains.**

### **Business, Technology and Research Park (BTRP)**

**The BTRP is an 81.7 acre site located on the campus's northern border alongside Interstate 70. The Express Scripts Corporate Headquarters location (14.2 acres) is the initial project on this overall site.**

**To date, the estimates of one-time spending on BTRP are \$4,636,770. The major items are relocating the baseball field (\$1,100,000), soil remediation (\$1,400,000), acquiring private properties on a portion of the site (\$937,810), and legal services (\$365,500).**

**To date, the one-time direct benefits are the ground lease payment for the Express Scripts site (\$1,545,417). The major one-time indirect benefits are the construction of a new arterial road connecting Florissant and Hanley (\$10,700,000) and a state grant to assist with the soil remediation (\$3,600,000).**

**If ground leases were purchased for all the remaining 67.5 acres (81.7 total site minus 14.2 Express Scripts location), the administration estimates they would yield a one-time benefit of \$11,534,784.**

**The administration is optimistic that numerous mutually beneficial collaborations will develop between campus units and BTRP occupants.**

### **IT Incubator Project**

**The campus is exploring purchasing the former Magna Bank Operations Center (4633 World Parkway Circle—on the south side of Interstate 70 west of Interstate 170) for an IT Incubator. The estimated purchase price would be near \$3,000,000. UM-St. Louis has**

received \$1,500,000 in grants for this project.

The incubator would house a high performance computing facility (cost: \$300,000) connected to the main campus with a fiber optic cable (cost: \$275,000). The ongoing annual costs for staffing and maintaining the facility would be about \$285,000. This assumes only two full time UM-St. Louis personnel (computer operator and receptionist) at the site.

The administration's plan assumes the facility would be rented by young IT companies. Assuming a rent of \$12 per square foot and the following occupancy rates (50% in 2008, 65% in 2009, and 71% thereafter), the facility would recover all of its one-time investment and its annual operating expenses.

### Economic Development Overhead

The administration estimates it is now spending about \$250,000 a year administering the economic development function. This includes 25% of the Assistant to the Provost for Public Affairs and Economic Development, 25% of two staff members who report to the Assistant to the Provost for Public Affairs, a halftime director for BTRP, a part time real estate development consultant, 5%-10% of the time five staff (Vice Chancellor for Administrative Services, Vice Provost for Research, Director of Facilities Planning, Public Relations Coordinator, Administrative Services Executive Staff Assistant) spend on economic development. It does not include any time spent by other administrators (e.g., the Chancellor) nor the costs of providing police services to BTRP.

In the Winter Semester, the Budget Planning Committee will review the progress on the UM-St. Louis Action Plan, review the updated five-year budget projection, and review the proposed FY2008 budget.

Respectfully submitted,

E. Terrence Jones  
Chair