

The Eldridge Enterprise

Concept Paper and Preliminary Economic Analysis
Prepared for the SDC Specific Plan Public Advisory Team
by the Eldridge Enterprise Workgroup*
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The Eldridge Enterprise is a concept for a research, design, and development hub that focuses scientists and engineers on solutions to climate change and forms the core of a new integrated, green community.

Introduction

The 2015 Site Transformation Study by the Potrero Group recommended creating a "visionary institution" at the former Sonoma Developmental Center (SDC) "that embraces California's highest values of innovation and sustainability while simultaneously becoming financially self-sufficient."¹ At the January 26, 2021 meeting of the Sonoma County Supervisors, each Supervisor used their own words to support a "transformational", "novel" outcome at Eldridge that produces "generational" change.¹ As chair of the Board, and of the SDC Coalition, Supervisor Susan Gorin tasked a workgroup to develop the land use planning and financial parameters of an outcome at Eldridge that could meet these stated aspirations. This document describes the Eldridge Enterprise concept in terms intended to be relevant to the SDC Specific Plan process.

The Case for the Eldridge Enterprise

Humanity must act now to avoid the most destructive impacts of accelerating climate change. This urgency is reflected in Sonoma County's Climate Emergency

Resolution³. Just as we have learned that masks and vaccines are needed to survive a pandemic, so we know that replacing carbon in our economy is necessary to escape from the otherwise inevitable economic collapse that will be precipitated by climate change.

Over the next three decades, the International Panel on Climate Change estimates that \$1.6- \$3.8 trillion needs to be invested annually worldwide in energy systems alone to reduce humanity's carbon footprint.⁴ Yale University Climate Scientists, in a 2017 report, concluded that "Lower emissions, and adaptation in relevant sectors, would result in substantial economic benefits."⁵ The Eldridge Enterprise could invent, accelerate, and demonstrate the economic prosperity available in moving to the post-petroleum era. New mechanisms for creating and scaling up solutions to current and future climate chaos are the basis for the next wave of industrial innovation.

The Eldridge Enterprise is a land use concept that could attract world-class talent and capital to Sonoma, making possible transformative shifts in our local community, from higher-paying jobs to a diverse mix of affordable housing options. The Eldridge Enterprise would continuously apply its inventions and knowledge for the benefit of our local community. As such, our local community would stand as the proof, the model, the inspiration for adopting post-carbon technologies, mitigation methodologies, and adaptation solutions that support a viable future for humans and the natural world.

A World-Class Institution for Sonoma County

The Eldridge Enterprise would be a first-of-its-type, public/private partnership dedicated to researching, designing and developing adaptive solutions to climate change. It is envisioned as a global hub for collaboration between the public, private and social sectors to accelerate the speed at which technological discoveries become the building blocks of a post-petroleum society, much as the concentrated biomedical and genetic research of recent decades has enabled healthcare providers to cure once-deadly diseases. The Eldridge Enterprise would be a research, design **and** development (RD&D) center. Scientific labs that generate new theoretical ideas and products need a test space to develop and perfect them, to make them viable for broader manufacturing. No mass manufacturing would happen at Eldridge. RD&D at Eldridge could engage up to 2,000 scientists, engineers and designers in finding new ways to power machines, construct buildings, warm homes, feed families, and provide transportation and entertainment.

The Eldridge Enterprise would be the focal point for an entire community. Both the Eldridge Enterprise and its surrounding community would be structured on the Sustainability Principles that have been crafted by a coalition of community groups, reviewed at public workshops, and are being refined in the SDC Specific Plan process. These principles reflect and promote respect and care for people, the natural environment including the wildlife corridor, and prosperity for the community as a whole. A well-crafted governance structure would make certain that the guiding principles are woven into all aspects of development and community life. The site would be constructed to be relevant and meaningful to multiple generations. It would reflect the work and purpose of the anchor institution in all aspects: energy generation and use, transportation systems, building design, housing types, services available and natural resource protection and rejuvenation.

Economic Prosperity for Today and Future Generations

Economic reports show Sonoma County lagging behind California in economic growth and opportunities. In addition, the aging of Sonoma County's population is projected to continue to adversely affect the County, potentially leading to what economists call a demographic winter. Already, wage growth in the County is outpaced by social security, Medicare and pension income.⁶ Without a concerted effort to attract new industries, players and resources, and to retain young people, this trend is set to continue. The Eldridge Enterprise could diversify Sonoma County's economic base and labor force by adding professional and skilled jobs in scientific research, engineering, design, prototyping, process engineering, and business administration.

Co-locating housing and employment is atypical for Sonoma County. Both are critical needs. Creating a community that includes employment, workforce housing, basic amenities and is linked with surrounding neighborhoods supports opportunity and equity while reducing impacts of travel to and from the site. A variety of homes could be part of the Eldridge community: multi-family and single-family units, affordable and market price housing. Homes would also be available for the community at large.

The Eldridge Enterprise also assists Sonoma County in taking advantage of monies that will flow from a primary goal of the Biden-Harris presidential administration: to spur industrial and workforce development by discovering and implementing the means to prevent climate change from becoming catastrophic for the planet.

A Unique Sense of Place, Legacy and Opportunity

Place matters. Creating the Eldridge Enterprise on this spectacular site creates a place that attracts people and economic enterprise simply because it inspires awe with its unique natural beauty. For over a century, the site was home to California's first and longest-running facility serving individuals with developmental disabilities.⁷ SDC had a 200-acre campus, surrounded by over 700 acres of forests, lakes and open space. The overall property creates an essential corridor for wildlife movement across the North Bay region. The site currently has 1.7 million square feet of educational, commercial and light-industrial space, plus interior roads, basic water/sewer and power/communication infrastructure, as well as existing housing and space for additional housing.⁸

At its peak, SDC had 3,200 residents and 1,300 professionals working on site. It was the nation's largest facility of its kind. Post office, fire station, cafeteria, laundry, bank, store, and other supporting services functioned at SDC. This intensive level of activity was part of the surrounding communities. The Eldridge Enterprise concept strives to re-establish this connection while staying within the boundaries of the SDC campus, both physically and in terms of the number of people living and working on site.

Establishing an Enterprise focused on the health of people and the natural environment, by finding ways to reduce and reverse the harms of climate change, could carry on the legacy of SDC as a beautiful place where people are cared for. The Eldridge Enterprise would be a community where the children of Sonoma County could envision a future for themselves here that includes meaningful, well-paid work and the ability to remain in their home county. As an inclusive community, Eldridge would welcome people of all income levels, ages, abilities and races, including all strata of its own employees. Inclusion would be reflected in the types and costs of housing and services on site.

Eldridge is near the wealth and resources of Bay Area venture capital and technology companies. The Eldridge Enterprise could draw from global venture networks and investment capital to finance discovery and implementation of technological solutions and new product design and development on site.

Keep Options Open for the Most Transformational Opportunity

Once land use designations are created for Eldridge through the SDC Specific Plan, they will be difficult to change. These designations therefore need to leave the door open for possibilities, not close off options. What eventually gets built at Eldridge can be less than what is designated, but it can never be more. Therefore, this analysis is

based on the maximum reasonable scale of the Eldridge Enterprise concept, to deliver the level of benefit envisioned by the quotes that open this document.

As a basis for an economic analysis of the Eldridge Enterprise, estimates were developed for the floor area for housing, floor area for RD&D and commercial space, numbers of employees, types of industries and workers, and costs for basic infrastructure improvements. An economic analysis then estimates potential financial benefits to Sonoma County.

The plan has two phases of development. First, a capital improvement and expenditure phase and second, operation of the Enterprise. The two phases overlap: the capital spending phase runs years one through ten, and the operational phase starts in year two and runs through year twenty.

The capital improvement and expenditures phase renovates and repurposes the site's extraordinary assets, including the water, power and communications systems. Some of the 292 existing buildings would also be renovated and repurposed for use by the Eldridge Enterprise. Several old structures would be replaced with laboratories and facilities necessary for a global enterprise focused on technological and industrial growth. Current estimates show 1.3 - 1.7 million square feet of built environment on the ground at Eldridge. In the Eldridge Enterprise plan, space for offices, laboratories, light industrial, industrial design, building services, an expanded fire station, a day care, and commercial facilities is estimated for the model at 1.4 million square feet.

The plan adds facilities and housing without exceeding either the total acreage of the campus or the total footprint of existing buildings. Building up to two and three stories, in appropriate locations with attractive rooflines, would allow for the additional space set forth in the plan. The intent is to retain the campus' wide open, pedestrian-friendly feeling, with sightlines and open space between buildings.

The Eldridge Enterprise plan provides housing for skilled researchers and support staff who work at Eldridge and the community at large. In keeping with the overarching goals of inclusion, there would be a variety of housing types: affordable, multi-family, and single family. In the plan there is approximately 1.2 million square feet of housing. This assumes an area factor of 1.25 for auxiliary spaces such as hallway, utility closets and garages. Once again, the additional square footage is attained by building up as appropriate. The plan envisions 1.3 - 1.7 million square feet, with the additional space added as second and, in a few instances, third floors.

The operations plan models the true, long-term work of this facility to more quickly discover and implement adaptive solutions to climate challenges. At completion, up to 2,000 Eldridge Enterprise employees could work on-site to research, test and develop products and processes that use fewer resources, are healthier for people and the environment, and reduce GHG emissions. Many types of scientists, engineers, product and process engineers and designers as well as project managers, IT specialists, data analysts and support staff are included in this number, as well as support staff in finance, accounting, legal, administrative, and maintenance.

The Eldridge Enterprise would directly contract for day care services and building maintenance services, so these two functions are included as part of the operations plan. The day care would be available for Enterprise employees and the community at large. Building maintenance would serve the Eldridge Enterprise facilities. A number of amenities that support the community are envisioned as part of the site: a grocery store, health and fitness facilities, community center, elementary school, and playing fields. Commercial space for these functions is therefore part of the plan under capital expenditures. Because these amenities would not be directly contracted by the Eldridge Enterprise, their operational impacts are not evaluated by the economic model.

Preliminary Estimates of Economic Impact Show Significant Revenue and Jobs for Sonoma County

The Sonoma County Water Agency (Sonoma Water) contracted Economic Forensics & Analysis (EFA) to use the IMPLAN[®] economic model to estimate the economic impacts of the Eldridge Enterprise concept. Their forthcoming report focuses on the economic impacts to Sonoma County, so that local decision makers and leaders may evaluate the idea conceptually, economically and fiscally.

Preliminary Estimates for Eldridge Enterprise Concept Capital Spending (Ten Year period)

- Direct spending: infrastructure, business facilities & housing: \$1.3-\$1.6 billion
- Construction employment: 1,800-2,000 FTE
- Business facilities: approximately 1.4 million square feet
- Housing: approximately 1.2 million square feet
- Combined footprint of proposed buildings less than or equal to current campus buildings
- \$700-\$800 million in additional spending generated in Sonoma County
- \$7-\$9 million generated in average annual state and local taxes

Preliminary estimates for all direct capital investment spending for basic infrastructure, Eldridge Enterprise facilities and housing are \$1.3-\$1.6 billion over a ten-year period. This is direct spending for wages, materials, plans, permits, rents and taxes. Over the 10 years, approximately 1,800-2,000 FTE would be employed directly to bring water/sewer, power and communications up to code, re-purpose several of the 292 buildings on the campus, construct labs and commercial structures for the business enterprise (1.4 million square feet) and build housing (1.2 million square feet). The increase in square footage on the site would be achieved by building up, not out.

That direct capital investment is projected to create another \$700-\$800 million worth of spending in Sonoma County over those ten years. As the work progresses to bring the water, sewer, power and communications infrastructure up to code with twenty-first century improvements such as a microgrid, to build laboratories, light industrial, office, and commercial space and to construct approximately 980 housing units, companies and workers buy supplies from vendors, eat at restaurants, purchase health care, and spend on personal care and entertainment. This accounts for the estimated additional \$700-\$800 million injected into the economy.

State and local taxes of approximately \$7-\$9 million annually, on average would be generated from direct capital spending and the additional indirect and induced spending in Sonoma County.

Preliminary Estimates for Eldridge Enterprise Concept

Operational Spending by the business enterprise (averaged over 20 years)

- 2,000 professional and skilled enterprise employees by year 10
- Direct operational spending \$300-\$400 million annually on average
- \$200-\$300 million additional spending generated in Sonoma County annually on average
- \$25-\$30 million generated for State and Local taxes annually on average

The economic study also estimates the monetary impact on the County of approximately 2,000 professional and skilled employees working at such an enterprise. Direct spending to operate the Eldridge Enterprise is estimated at \$300-400 million annually on average. This average is based on twenty years of operation and includes a 2% inflation rate. By year ten, the Enterprise is projected to be fully staffed and operational. Additional indirect and induced spending generated in Sonoma County from operations of the Enterprise is estimated at \$200-\$300 million annually on average. Again, this increased spending in the county comes from the

Eldridge Enterprise, its employees and employees of local businesses purchasing goods and services throughout Sonoma County.

State and local taxes generated by direct operations and indirect spending in the community are estimated to range from \$25-\$30 million annually on average, including sales and property taxes, licenses, and fees.

Summary

The driving goal of the Eldridge Enterprise concept, as sketched here, is building intellectual capital that discovers solutions and produces results far faster than current invention-to-production processes. The Eldridge Enterprise can be a generator of ideas and solutions for both internal and external teams to work on. With about 2,000 jobs on-site--from specialized science, technology, and engineering to programmatic and project support--and operational spending of about \$300-\$400 million per year on average, the Eldridge Enterprise could generate prosperity for generations in our community.

Re-inventing SDC as the Eldridge Enterprise could bring a new, different energy and opportunity to Sonoma Valley and the County as a whole. It broadens opportunities for our young people, who would have the chance at career adventure and economic benefit here at home, while acknowledging our rich historic past.

Sonoma County has repeatedly embraced the next step toward prosperity--from hops to prunes to grapes, from Carbon Free Water to Sonoma Clean Power. A post petroleum focused institution could be our next step.

A great deal of work to negotiate partnerships and structural agreements would be required to accomplish the Eldridge Enterprise plan. The first necessary step is to set land use parameters that allow for the greatest opportunity for Sonoma Valley and future generations. There are successful projects we can learn from; The Presidio in San Francisco and The Buck Institute are two in northern California. There are smart, motivated, caring people in Sonoma Valley and the County who can drive this vision and construct a community focused on a healthy future for this place, its people and many generations across the globe.

*The members of the Eldridge Enterprise Workgroup developed the specifics of this concept following direction from District 1 Sonoma County Supervisor Susan Gorin, to explore the feasibility of combining affordable housing, employment, and climate

response on the site. Work Group members are Rusty Klassen, Karen Eggerman, Richard Dale, Caitlin Cornwall, Bill Keene, and David McCuan.

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