



Bayer's application to amend and extend its  
Development Agreement with the City of Berkeley

***Public hearing  
on community benefits***

///////  
July 2021

**Drew Johnston**  
*Vice President, Site Engineering, Berkeley*





## Our people and our patients

Bayer's quality STEM engagement in high school and community college leads young people to rewarding professional careers



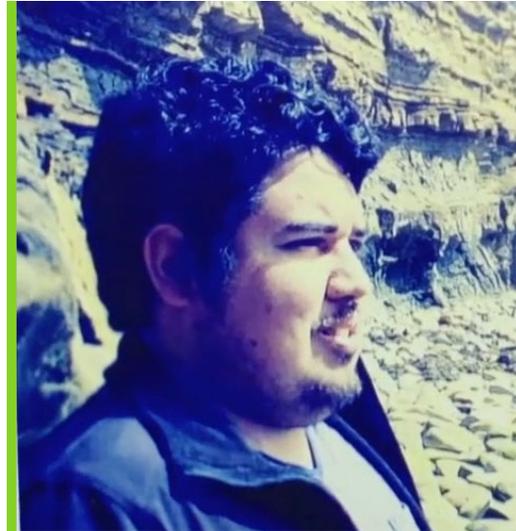
Berkeley High students in 2019



Sarmed Anwar



Lauren Rawlins



Zach Castillo



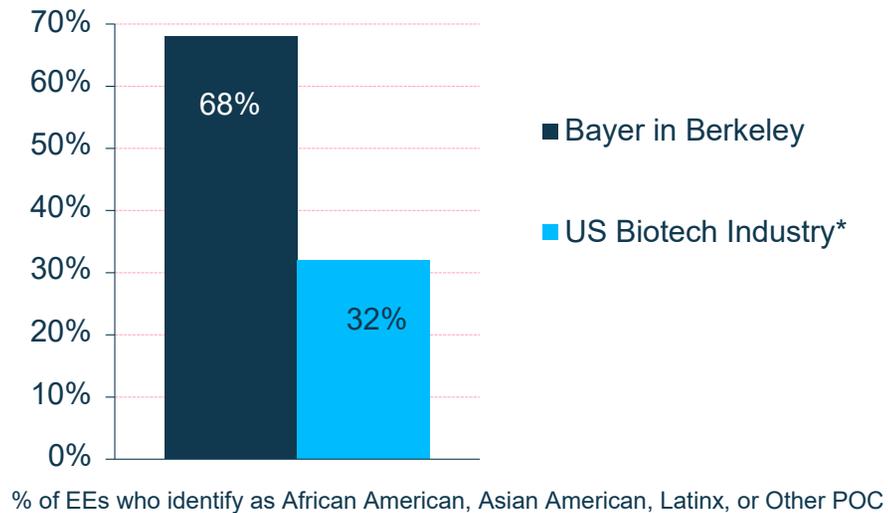
Jonathan Duddleston



## Who we are in Berkeley

**> 1,000 employees**

### Racial identities



\* From the January 2020 Bio report available at [www.bio.org](http://www.bio.org)

**We Represent 40+ Countries of Origin**

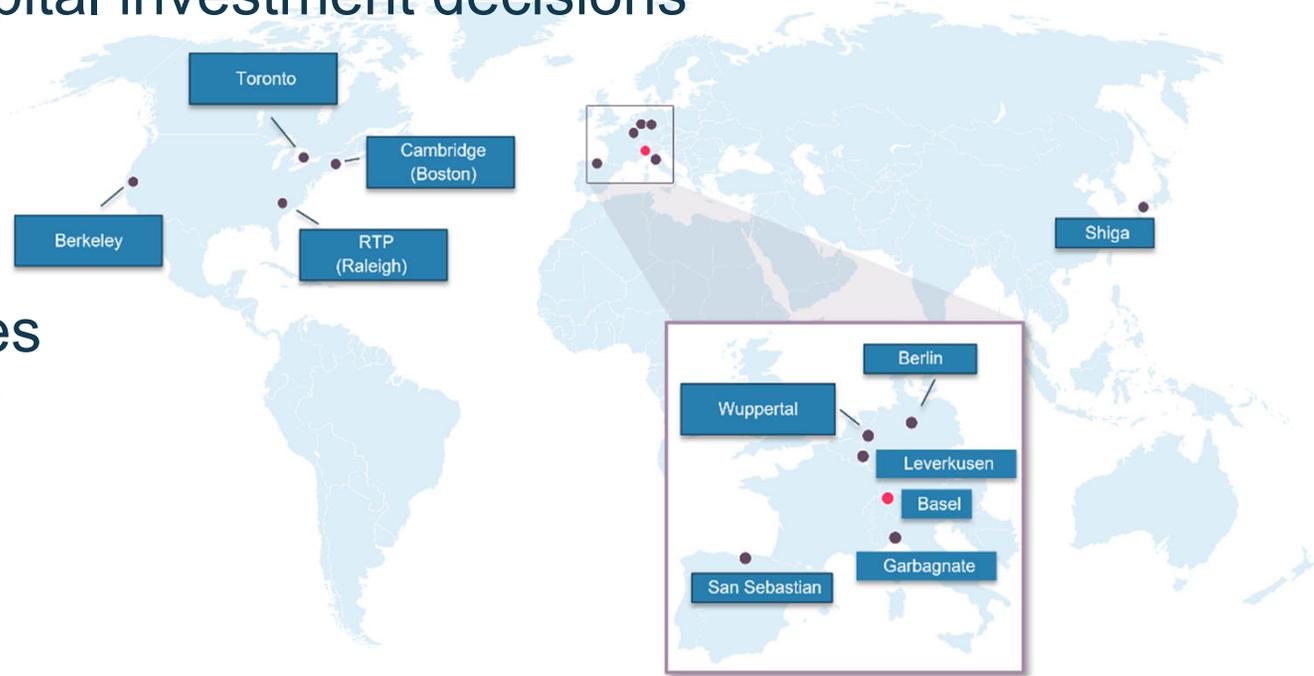


Bayer employees volunteering at the Alameda County Community Food Bank (pre-pandemic)



# How Bayer makes capital investment decisions

Berkeley competes within the Bayer global network





# Development Agreement extension

## Continue our long-term partnership

attract capital to drive community investments in Berkeley and new medicines to patients

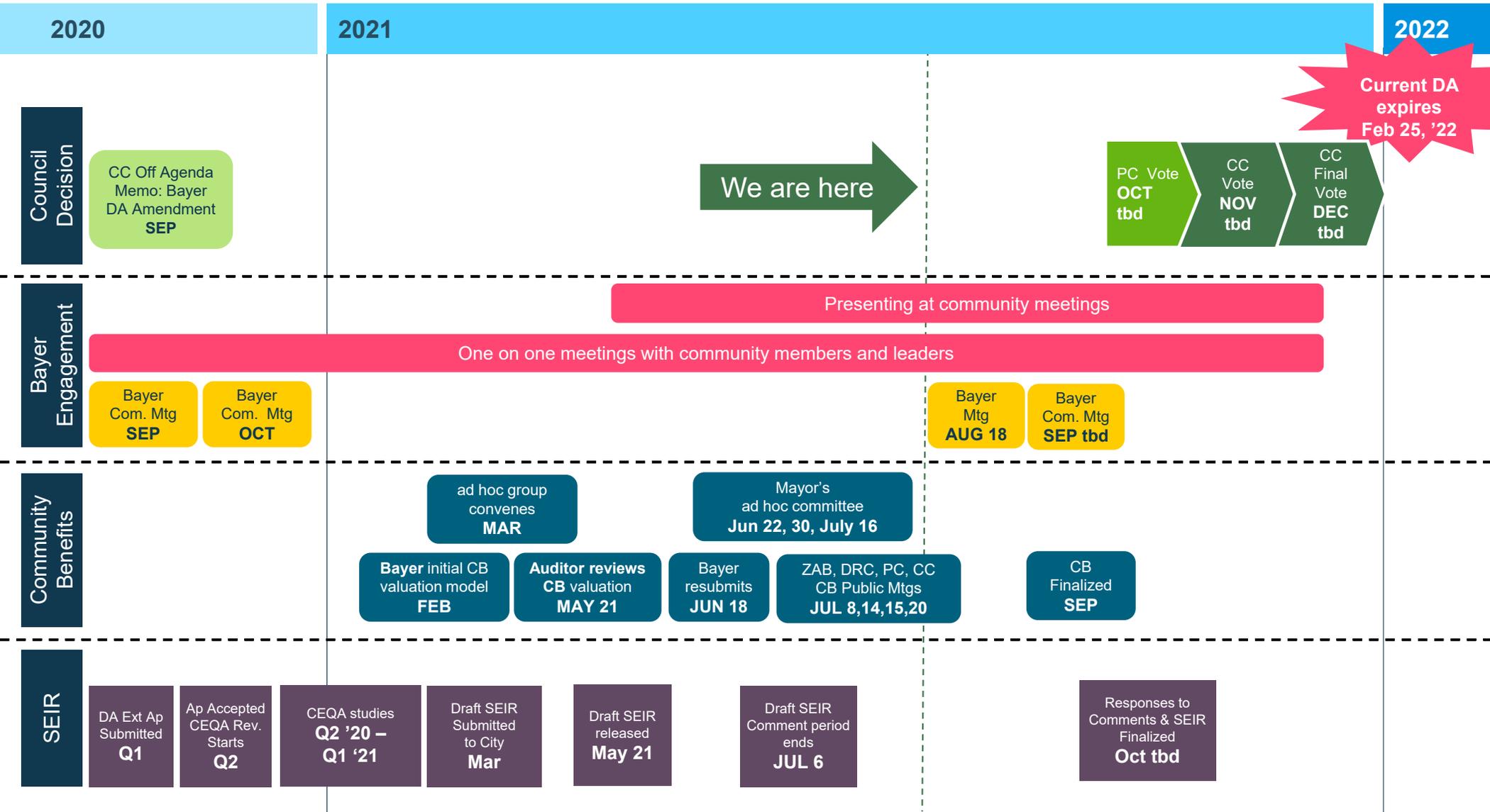
### Scope

- **Uses** Production, Lab, Warehouse, Utility, Maintenance, Admin, Parking
- **Heights Zones** 65' and 80' build height
- **Permit Approval** predictable AUP process
- **Capacity** 1.74m square feet of total development

### Key Benefits

- **Environmental Impacts** holistic review shows no significant impacts
- **Community Support** enables long-term investment in community
- **Economic Development** drives quality jobs and growing tax property tax base





We are here

Current DA expires Feb 25, '22

Presenting at community meetings

One on one meetings with community members and leaders



# *Community benefits and development impact fees*

**Bayer proposal**

# Community investment priorities

A photograph of two young girls in a science laboratory. They are both wearing clear safety goggles and white lab coats. The girl on the left is smiling and looking at a beaker containing blue liquid. The girl on the right is also smiling and looking towards the camera. In the background, there is a blue foam volcano on a table. The overall scene is bright and educational.

STEM Education  
Housing  
Community Resiliency

**Stability**



# Proposed program categories for community benefit investments

## STEM + Biotech Education

- Programming to drive equity outcomes
- Kindergarten to community college

## Community Resiliency

- Climate action, health equity & local economic resiliency

## Affordable Housing

- City of Berkeley's Housing Trust Fund
- Disbursed at the discretion of the City Council



# Development Agreement extension

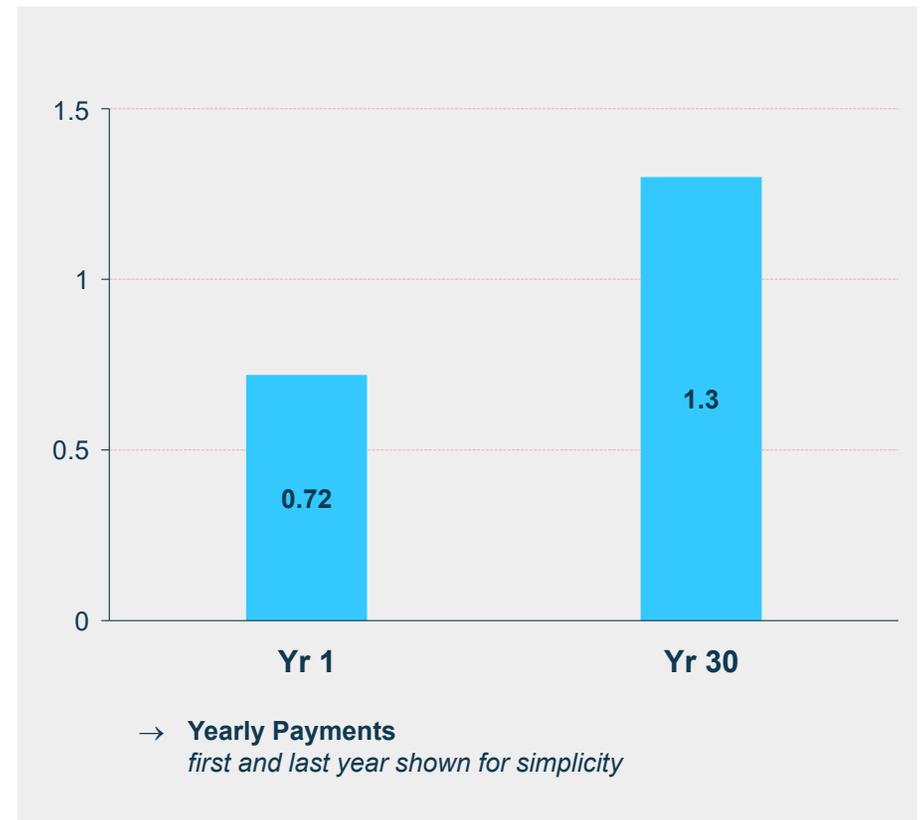
**Bayer Valuation:** QSY# #Hwlp hqw#Xvh/#Khjkw/# #Shp l#Sng lve b, **City Value:** vled#GD#Exg bj# #lhw#qghshghq# #ghy harsp hqw

## Bayer Value Basis

- **Use Permit Savings** 400k USD per project
- **Timeline Surety** 1% of Permitted CapEx
- **Time Reduction** 2% of permitted CapEx
- **Discount Rate** WACC @ 6.8%
- **Buildout** full development plan assumed

## Impact Fees

- **Estimated** per project and discounted to 2021
- **Buildout** full development plan assumed





## The investments work together – *Year one of the proposal*

Categories	Impact Fees	Community Benefits	Annual Total
Biotechnology + STEM CTE		300,000	300,000
Community Resiliency		100,000	100,000
Affordable Housing	50,000	100,000	150,000
Childcare	15,000		15,000
Art ( <i>public art on private development</i> )	155,000		155,000
	<b>\$220,000</b>	<b>\$500,000</b>	<b>\$720,000</b>

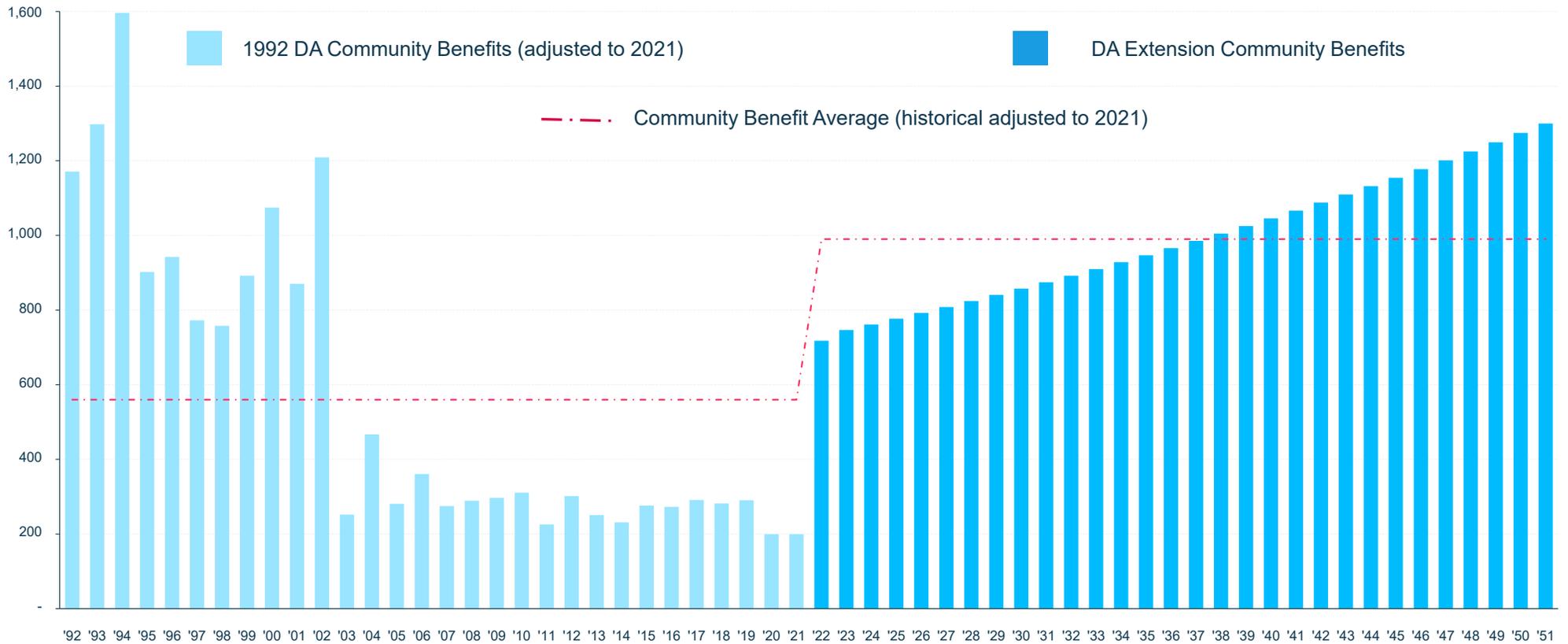
**Notes:**

1. *Current proposal includes an annual escalation of 2%  
In year 2051 impact fees & community benefits would total \$1,300,000, accounting for the escalations*
2. *Initial offer was \$500,000 and reflected community benefits inclusive of payments to support housing, childcare and the arts with no additional impact fees*



# Bayer DA annual community financial investments

Historical adjusted to 2021 dollars





*Economic impact analysis*

+

*Competitive landscape  
for biotechnology  
investments*

**Bay Area Council Economic Institute**



# Competitive landscape for biotech investments

## Reasons to invest in the Bay Area

- 1. Developed Cluster**  
Nearly 1,500 companies in nine counties
- 2. Talent**  
Second most educated population in U.S.
- 3. Investment Capital**  
39% of all U.S. venture capital
- 4. Physical Space**  
Second most laboratory space in U.S.

## Other geographies offer incentives

### Raleigh-Durham

Eli Lilly will invest \$500 million to create 462 jobs

- \$8.7 million tax rebate from state
- \$2.55 million incentive from county
- \$1.15 million in training grants

### New York City

City will invest \$1 billion over 10 years in R&D, lab and incubator facility construction

### San Diego

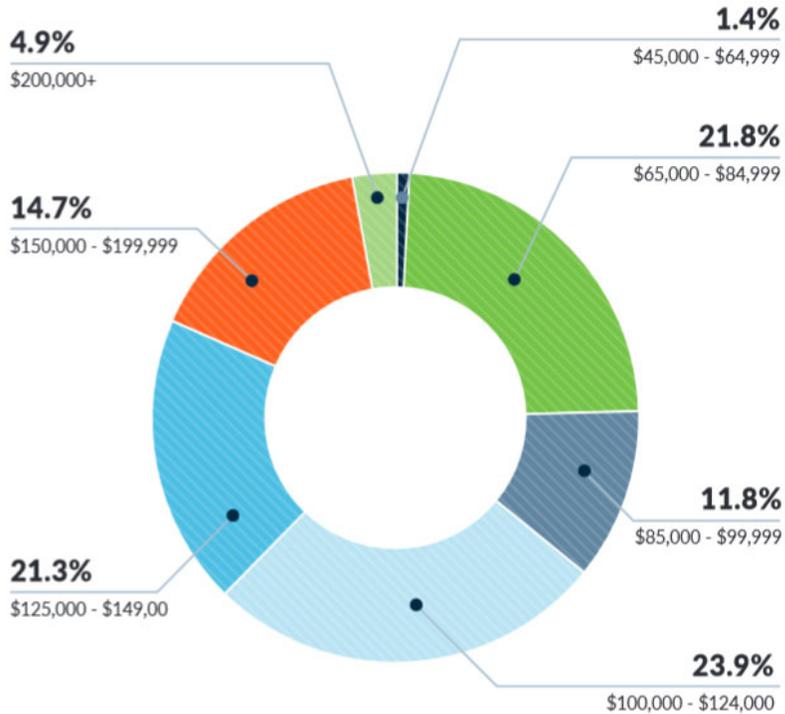
llumina received \$1.5 million tax rebate from city over 10 years to grow in San Diego

# Quality jobs drive economic impact

*-Jobs range in educational attainments*

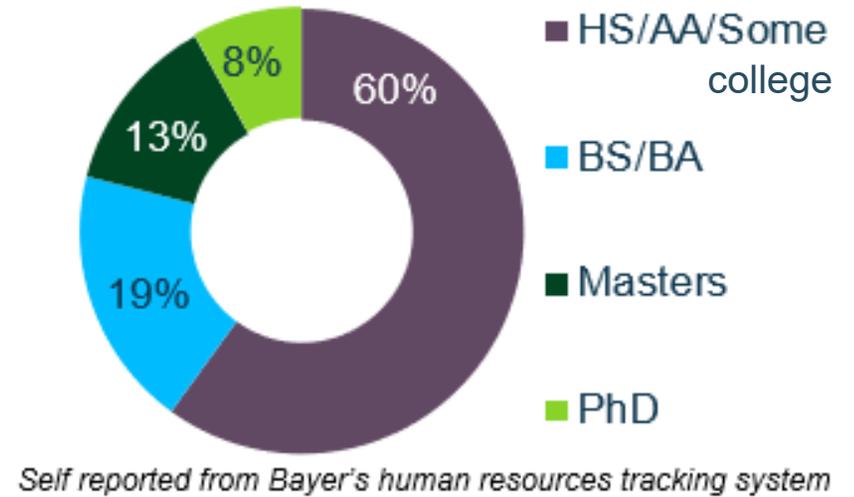
## Bayer Employee Annual Salaries | 2019

Berkeley campus



## Educational attainments | 2019

Berkeley campus



## Economic impact analysis conclusions

### Bay Area Economic Institute Study:

*Bayer Expansion would generate  
 \$613M in economic activity*

### Berkeley Economic Impact

**2020**  
 \$15 Million

**2052**  
*Projected*  
 \$29 Million  
 ↑97%



For each job created on the Bayer campus...



an average of one Bay Area job is created off the Bayer campus





# *Closing*

# Conceptual development plan at 30-year build out





# Bayer's value to Berkeley extends beyond community benefits

Bayer hosted a vaccination clinic on our parking lot in West Berkeley - 2,000 people vaccinated!



## Major Hunger-Relief Investment Will Help Alleviate Growing Food Insecurity in Berkeley

Posted on May 19, 2020 by Sara Webber



## Berkeley Relief Fund Receives \$250,000 Donation from Bayer as Virtual Fundraiser Starts

JESSE ARREGUIN - MARCH 22, 2020



### Berkeley PUBLIC SCHOOLS

Excellence • Equity • Engagement • Enrichment

Bayer Fund and Wareham Development Provide more than \$500,000 in Grants for Berkeley Middle School 'On Ramp' into STEM Programs and Careers



### Global

This is Bayer / Innovation / Products / Sustainability

Friday - August 21, 2020

Science Based Targets initiative endorses climate protection targets of Bayer AG

Important step in Bayer becoming climate-neutral by 2030 / Targets integral to Board of Management remuneration



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**THANK YOU**



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